



UGA REAL ESTATE FOUNDATION, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2019 and 2018

And Report of Independent Auditor

UGA REAL ESTATE FOUNDATION, INC.

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Report of Independent Auditor

To Board of Trustees
UGA Real Estate Foundation, Inc.
Athens, Georgia

We have audited the accompanying financial statements of the UGA Real Estate Foundation, Inc. (the “Real Estate Foundation”), a blended component unit of the University of Georgia Research Foundation, Inc., which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Real Estate Foundation’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the UGA Real Estate Foundation, Inc. as of June 30, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Augusta, Georgia
September 16, 2019

UGA REAL ESTATE FOUNDATION, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Introduction

The UGA Real Estate Foundation, Inc. (the "Real Estate Foundation") was incorporated under the laws of the state of Georgia as a nonprofit corporation in 1999 and qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Real Estate Foundation was incorporated for the purpose of managing and improving various real estate assets for the benefit of the University of Georgia (the "University"), governed by the Board of Regents of the University System of Georgia (the "Board of Regents"). The Real Estate Foundation may also provide support to the Board of Regents and colleges and universities of the University System of Georgia. The Real Estate Foundation has created multiple limited liability companies of which it is the sole member. These entities are set up in order to construct, finance, own, and lease real estate projects. Therefore, the Real Estate Foundation and all its limited liability companies are shown using a blended presentation; that is, the activity of the Real Estate Foundation and all its limited liability companies is shown in the same column. See Note 14 for a list of all component units and condensed component unit financial information.

Complete financial statements of each of the blended component units may be obtained at the following address: UGA Real Estate Foundation, Inc., c/o Finance Division, 324 Business Services Building, 456 E. Broad Street, Athens, GA 30602.

The Real Estate Foundation's sole member is the University of Georgia Research Foundation, Inc. (the "Research Foundation").

The Research Foundation was incorporated under the laws of the state of Georgia as a nonprofit corporation in 1978 and qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Research Foundation is organized to fulfill broad scientific, literary, educational, and charitable purposes and operates to enhance the three-pronged mission of the University of teaching, research, and public service. The Research Foundation contributes to the research function of the University by securing research contracts, grants, and awards from individuals, institutions, private organizations, and government agencies for the performance of sponsored research in the various colleges, schools, departments, and other units of the University.

Description of the Financial Statements

The Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows are designed to provide information that will assist in understanding the financial condition and performance of the Real Estate Foundation. The Real Estate Foundation's net position is one indicator of the Real Estate Foundation's financial health. Over time, increases or decreases in net position are one indicator of the changes in the Real Estate Foundation's financial condition when considered with other non-financial facts.

The *Statements of Net Position* present financial information on all of the Real Estate Foundation's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position.

The *Statements of Revenues, Expenses, and Changes in Net Position* present the revenues earned and the expenses incurred during the years presented. Activities are reported as either operating or non-operating. The financial reporting model classifies investment earnings and changes in the fair value of investments as non-operating revenues. As a result, the financial statements may show operating losses that are then offset by non-operating revenues from a total financial perspective.

The *Statements of Cash Flows* present information in the form of cash inflows and outflows, summarized by operating, capital and noncapital financing, and investing activities.

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Financial Highlights

Condensed financial statements are presented for the year ended June 30, 2019, and two prior years. In the following discussion, Fiscal 2019, Fiscal 2018, and Fiscal 2017 refer to the years ended June 30, 2019, June 30, 2018, and June 30, 2017, respectively.

The Condensed Statements of Net Position for Fiscal 2019 and 2018 are shown below:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Assets			
Current assets	\$ 30,190,539	\$ 28,726,492	\$ 1,464,047
Capital assets	19,938,686	19,298,798	639,888
Other noncurrent assets	<u>243,926,836</u>	<u>251,361,936</u>	<u>(7,435,100)</u>
Total assets	<u>294,056,061</u>	<u>299,387,226</u>	<u>(5,331,165)</u>
Deferred Outflows of Resources			
Deferred loss on refundings	<u>14,156,893</u>	<u>15,086,273</u>	<u>(929,380)</u>
Liabilities			
Current liabilities	12,269,033	20,384,648	(8,115,615)
Noncurrent liabilities	<u>244,770,910</u>	<u>246,903,529</u>	<u>(2,132,619)</u>
Total liabilities	<u>257,039,943</u>	<u>267,288,177</u>	<u>(10,248,234)</u>
Net Position			
Net investment in capital assets	11,422,464	10,782,576	639,888
Restricted			
Future repairs and replacements of real property	2,821,234	2,427,821	393,413
Unrestricted	<u>36,929,313</u>	<u>33,974,925</u>	<u>2,954,388</u>
Total net position	<u>\$ 51,173,011</u>	<u>\$ 47,185,322</u>	<u>\$ 3,987,689</u>

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Analysis of the Condensed Statements of Net Position

June 30, 2019 and 2018:

Current assets increased by \$1,464,047 from Fiscal 2018 to Fiscal 2019, due primarily to an increase in cash inflows from net project activity, and increases in short-term capital leases receivable in accordance with the capital lease amortization schedules. These increases are offset by reduced cash inflows from the Coverdell Entity following the transfer of its real property to the University in Fiscal 2018, and increased cash outflows for construction in progress as approved by the Real Estate Foundation's Board of Trustees (the "Board").

Capital assets include land, construction in progress, an easement, and buildings, improvements, and furniture and fixtures, (net of applicable depreciation). The increase of \$639,888 from Fiscal 2018 to Fiscal 2019 is due primarily to construction in progress offset by amortization of depreciable capital assets.

Other noncurrent assets primarily include restricted bond proceeds, trustee held funds, investments, and capital leases receivable. The \$7,435,100 decrease from Fiscal 2018 to Fiscal 2019 in noncurrent assets is primarily due to principal reduction due in accordance with the capital lease amortization schedules offset by investment income.

Deferred outflows of resources include deferred loss on refundings that result from the advanced refunding of bond series. Deferred outflows of resources decreased by \$929,380 from Fiscal 2018 to Fiscal 2019 due to normal deferred loss amortization.

Current liabilities decreased \$8,115,615 from Fiscal 2018 to Fiscal 2019, due primarily to the timing of the renewal on the revolving credit agreement offset by an increase in short-term bond principal in accordance with the bond amortization schedules.

Noncurrent liabilities decreased by \$2,132,619 from Fiscal 2018 to Fiscal 2019. This decrease is due to annual payments of principal on noncurrent debt offset by the transfer of the revolving credit agreement balance from current liabilities.

Net position represents the difference between the Real Estate Foundation's assets, liabilities, and deferred inflows/outflows of resources. Total net position at June 30, 2019 and 2018, was \$51,173,011 and \$47,185,322, respectively, which represents an 8.45% change between the years.

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

The Condensed Statements of Net Position for Fiscal 2018 and 2017 are shown below:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Assets			
Current assets	\$ 28,726,492	\$ 27,748,782	\$ 977,710
Capital assets	19,298,798	19,413,537	(114,739)
Other noncurrent assets	<u>251,361,936</u>	<u>276,445,419</u>	<u>(25,083,483)</u>
Total assets	<u>299,387,226</u>	<u>323,607,738</u>	<u>(24,220,512)</u>
Deferred Outflows of Resources			
Deferred loss on refundings	<u>15,086,273</u>	<u>16,534,037</u>	<u>(1,447,764)</u>
Liabilities			
Current liabilities	20,384,648	12,386,123	7,998,525
Noncurrent liabilities	<u>246,903,529</u>	<u>283,918,259</u>	<u>(37,014,730)</u>
Total liabilities	<u>267,288,177</u>	<u>296,304,382</u>	<u>(29,016,205)</u>
Net Position			
Net investment in capital assets	10,782,576	10,897,315	(114,739)
Restricted			
Future repairs and replacements of real property	2,427,821	2,063,519	364,302
Unrestricted	<u>33,974,925</u>	<u>30,876,559</u>	<u>3,098,366</u>
Total net position	<u>\$ 47,185,322</u>	<u>\$ 43,837,393</u>	<u>\$ 3,347,929</u>

Analysis of the Condensed Statements of Net Position

June 30, 2018 and 2017:

Current assets increased by \$977,710 from Fiscal 2017 to Fiscal 2018, due primarily to an increase in cash inflows from net project activity, and increases in short-term capital leases receivable in accordance with the capital lease amortization schedules. These increases are offset by reduced cash inflows from the Coverdell Entity following the transfer of its real property to the University in Fiscal 2018, decreased capital lease interest receivable in accordance with the Central Precinct's capital lease agreement, and the O'Malley's Entity's distribution of residual funds to the University and Research Foundation following its dissolution as approved by the Board.

Capital assets include land, construction in progress, an easement, and buildings, improvements, and furniture and fixtures, (net of applicable depreciation). The decrease of \$114,739 from Fiscal 2017 to Fiscal 2018 is due primarily to amortization of depreciable capital assets.

Other noncurrent assets primarily include restricted bond proceeds, trustee held funds, investments, and capital leases receivable. The \$25,083,483 decrease from Fiscal 2017 to Fiscal 2018 in noncurrent assets is primarily attributable to the Coverdell Entity's capital lease termination following the transfer of its real property to the University, and principal reduction due in accordance with the capital lease amortization schedules.

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Analysis of the Condensed Statements of Net Position

June 30, 2018 and 2017 (continued):

Deferred outflows of resources include deferred loss on refundings that result from the advanced refunding of bond series. Deferred outflows of resources decreased by \$1,447,764 from Fiscal 2017 to Fiscal 2018 due to the termination of the Coverdell Entity's deferred loss on refunding following the early debt extinguishment of the 2013 Coverdell Entity Bonds, and by normal deferred loss amortization offset by the loss on refunding of the 2009 PAC Entity Bonds.

Current liabilities increased \$7,998,525 from Fiscal 2017 to Fiscal 2018, due primarily to the timing of the renewal on the revolving credit agreement, and an increase in short-term bond principal in accordance with the bond amortization schedules offset by the reduction of the current portion of bond principal due to the early debt extinguishment of the 2013 Coverdell Entity Bonds.

Noncurrent liabilities decreased by \$37,014,730 from Fiscal 2017 to Fiscal 2018. This decrease is largely due to the extinguishment of the 2013 Coverdell Entity Bonds, transfer of the revolving credit agreement balance to current liabilities, and annual payments of principal on noncurrent debt. This decrease is offset by an increase in the PAC Entity's bond debt plus premiums due to the issuance of the 2017 PAC Entity Bonds.

Net position represents the difference between the Real Estate Foundation's assets, liabilities, and deferred inflows/outflows of resources. Total net position at June 30, 2018 and 2017, was \$47,185,322 and \$43,837,393, respectively, which represents a 7.64% change between the years.

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

The Condensed Statements of Revenues, Expenses, and Changes in Net Position for Fiscal 2019 and 2018 are shown below:

	<u>2019</u>	<u>2018</u>	<u>Change</u>
Operating Revenues			
Rental income	\$ 4,320,143	\$ 4,134,158	\$ 185,985
Capital lease interest income	12,343,515	12,968,697	(625,182)
Total operating revenues	<u>16,663,658</u>	<u>17,102,855</u>	<u>(439,197)</u>
Operating Expenses			
General and administrative expenses	464,928	466,193	(1,265)
Project expenses	3,363,319	3,224,172	139,147
Total operating expenses	<u>3,828,247</u>	<u>3,690,365</u>	<u>137,882</u>
Operating income	12,835,411	13,412,490	(577,079)
Non-operating revenues (expenses)	(8,847,722)	(9,432,517)	584,795
Special item	-	(632,044)	632,044
Increase in Net Position	3,987,689	3,347,929	639,760
Net position - beginning of year	<u>47,185,322</u>	<u>43,837,393</u>	<u>3,347,929</u>
Net position - end of year	<u>\$ 51,173,011</u>	<u>\$ 47,185,322</u>	<u>\$ 3,987,689</u>

**Analysis of the Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2019 and 2018:**

Operating revenues consist primarily of interest earned on capital leases and rental income. Non-operating revenues and expenses include investment income, interest expense (net), net change in the fair market value of investments, and other non-operating income and expenses. Special items are significant transactions that are either unusual in nature or infrequent in occurrence.

Operating revenues decreased by \$439,197 from Fiscal 2018 to Fiscal 2019, primarily due to reduced revenues in Fiscal 2019 following the termination of the Coverdell Entity lease after it transferred its real property to the University, and reduced income attributed to annual amortization of lease interest income on the capital leases.

Operating expenses increased by \$137,882 from Fiscal 2018 to Fiscal 2019, due primarily to an increase in the Board approved Real Estate Foundation's expenditure for the University Innovation District and an increase in repair and replacement expenditures during Fiscal 2019 for the EC Housing Entity offset by a decrease in repair and replacement expenditures for the PAC Entity.

Non-operating expenses net of non-operating revenues decreased by \$584,795 from Fiscal 2018 to Fiscal 2019, primarily due to reduced interest expense related to annual bond amortization, reduced cost of issuance expense on the Fiscal 2018 advanced refunding of the 2009 PAC Entity Bonds, and the elimination of the Coverdell Entity's gain on the disposition of assets and liabilities in Fiscal 2019. These reductions are offset by an increase in investment income in FY 2019.

A special item resulted from the Fiscal 2018 O'Malley's Entity's distribution of residual funds to the University and Research Foundation following its dissolution as approved by the Board.

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

The Condensed Statements of Revenues, Expenses, and Changes in Net Position for Fiscal 2018 and 2017 are shown below:

	<u>2018</u>	<u>2017</u>	<u>Change</u>
Operating Revenues			
Rental income	\$ 4,134,158	\$ 3,626,623	\$ 507,535
Capital lease interest income	12,968,697	14,616,362	(1,647,665)
Total operating revenues	<u>17,102,855</u>	<u>18,242,985</u>	<u>(1,140,130)</u>
Operating Expenses			
General and administrative expenses	466,193	481,831	(15,638)
Project expenses	3,224,172	3,386,626	(162,454)
Total operating expenses	<u>3,690,365</u>	<u>3,868,457</u>	<u>(178,092)</u>
Operating income	13,412,490	14,374,528	(962,038)
Non-operating revenues (expenses)	(9,432,517)	(12,056,020)	2,623,503
Special Item	(632,044)	-	(632,044)
Increase in Net Position	3,347,929	2,318,508	1,029,421
Net position - beginning of year	<u>43,837,393</u>	<u>41,518,885</u>	<u>2,318,508</u>
Net position - end of year	<u>\$ 47,185,322</u>	<u>\$ 43,837,393</u>	<u>\$ 3,347,929</u>

**Analysis of the Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2018 and 2017:**

Operating revenues consist primarily of interest earned on capital leases and rental income. Non-operating revenues and expenses include investment income, interest expense (net), net change in the fair market value of investments, and other non-operating income and expenses. Special items are significant transactions that are either unusual in nature or infrequent in occurrence.

Operating revenues decreased by \$1,140,130 from Fiscal 2017 to Fiscal 2018, primarily due to reduced revenues in Fiscal 2018 following the termination of the Coverdell Entity lease after it transferred its real property to the University. Other reduced revenues include refinancing related lease restructures for the EC Housing Phase II Entity, Fraternity Row Entity and PAC Entity, and reduced income attributed to annual amortization of lease interest income on the capital leases.

Operating expenses decreased by \$178,092 from Fiscal 2017 to Fiscal 2018, due primarily to a decrease in repair and replacement expenditures during Fiscal 2018 for the Central Precinct Entity, Cortona Foundation, Fraternity Row Entity, and EC Housing Entity offset by an increase in repair and replacement expenditures for the PAC Entity.

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Analysis of the Condensed Statements of Revenues, Expenses, and Changes in Net Position

Years ended June 30, 2018 and 2017 (continued):

Non-operating expenses net of non-operating revenues decreased by \$2,623,503 from Fiscal 2017 to Fiscal 2018, primarily due to the Coverdell Entity's gain on the disposition of assets and liabilities in Fiscal 2018, reduced interest expense related to annual bond amortization, and reduced cost of issuance expense on the Fiscal 2017 advanced refunding of the 2009 EC Housing Phase II Entity Bonds and the 2009 Fraternity Row Entity Bonds. These reductions are offset by the increase in cost of issuance expense on the advanced refunding of the 2009 PAC Entity Bonds in Fiscal 2018.

A special item resulted from the O'Malley's Entity's distribution of residual funds to the University and Research Foundation following its dissolution as approved by the Board.

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

The Condensed Statements of Cash Flows for Fiscal 2019 and 2018 are shown below:

	2019	2018
Cash flows from operating activities	\$ 20,980,827	\$ 21,492,819
Cash flows from investing activities	349,672	141,958
Cash flows from noncapital financing activities	-	(632,044)
Cash flows from capital and related financing activities	<u>(20,015,694)</u>	<u>(19,407,338)</u>
Net change in cash and cash equivalents	1,314,805	1,595,395
Cash and cash equivalents – beginning of year	<u>28,580,084</u>	<u>26,984,689</u>
Cash and cash equivalents – end of year	<u><u>\$ 29,894,889</u></u>	<u><u>\$ 28,580,084</u></u>

Analysis of the Condensed Statements of Cash Flows

Years ended June 30, 2019 and 2018:

Cash flows from operations primarily include receipts from rental income, principal and interest payments on capital leases receivable, and receipts on reimbursable project costs offset by disbursements for operations. The decrease in cash from operating activities between Fiscal 2018 to Fiscal 2019 is primarily the result of reduced cash provided by the Coverdell Entity after early termination of its lease agreement and transfer of its real property to the University in Fiscal 2018, and Board approved FY 2019 use of cash by the Real Estate Foundation for the University Innovation District.

Cash flows from investing activities are comprised of proceeds from sales and maturities of investments, purchases of investments, and investment income. From Fiscal 2018 to Fiscal 2019, these activities reflect an increase in cash provided by investment income.

Cash flows from noncapital financing activities during Fiscal 2018 consist of the O’Malley’s Entity’s distribution of residual funds to the University and Research Foundation following its dissolution as approved by the Board.

Cash flows from capital and related financing activities are related to capital expenditures, proceeds from new bond issuances, proceeds from the transfer of assets, and bond debt payments of principal and interest. The increase in cash used from Fiscal 2018 to Fiscal 2019 is due primarily to increased cash used for construction in progress as approved by the Board offset by decreased cash used on debt and interest payments in Fiscal 2019.

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

The Condensed Statements of Cash Flows for Fiscal 2018 and 2017 are shown below:

	2018	2017
Cash flows from operating activities	\$ 21,492,819	\$ 22,725,154
Cash flows from investing activities	141,958	95,835
Cash flows from noncapital financial activities	(632,044)	-
Cash flows from capital and related financing activities	<u>(19,407,338)</u>	<u>(20,957,640)</u>
Net change in cash and cash equivalents	1,595,395	1,863,349
Cash and cash equivalents – beginning of year	<u>26,984,689</u>	<u>25,121,340</u>
Cash and cash equivalents – end of year	<u><u>\$ 28,580,084</u></u>	<u><u>\$ 26,984,689</u></u>

Analysis of the Condensed Statements of Cash Flows
Years ended June 30, 2018 and 2017:

Cash flows from operations primarily include receipts from rental income, principal and interest payments on capital leases receivable, and receipts on reimbursable project costs. The decrease in cash from operating activities between Fiscal 2017 to Fiscal 2018 is primarily the result of reduced cash provided by the Coverdell Entity after early termination of its lease agreement and transfer of its real property to the University.

Cash flows from investing activities are comprised of proceeds from sales and maturities of investments, purchases of investments, and investment income. From Fiscal 2017 to Fiscal 2018, these activities reflect an increase in cash provided by investment income.

Cash flows from noncapital financing activities during Fiscal 2018 consist of the O'Malley's Entity's distribution of residual funds to the University and Research Foundation following its dissolution as approved by the Board.

Cash flows from capital and related financing activities are related to capital expenditures, proceeds from new bond issuances, proceeds from the transfer of assets, and bond debt payments of principal and interest. The decrease in cash used from Fiscal 2017 to Fiscal 2018 is due primarily to decreased cash used on debt and interest payments, and the extinguishment of the 2013 Coverdell Entity Bonds in Fiscal 2018.

UGA REAL ESTATE FOUNDATION, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

Economic Outlook

The Real Estate Foundation ended Fiscal 2019 with an 8.45% increase in its net position. With its strong financial base, the Real Estate Foundation continues to actively support the real estate and facility needs of the University as evidenced in the number and broad spectrum focus of its construction and associated projects.

Lease revenues are expected to provide sufficient resources to fund obligations of the Real Estate Foundation.

Questions concerning this report or requests for additional information should be directed to:

University of Georgia Controller's Office
324 Business Services Building
456 E. Broad Street
Athens, GA 30602
(706) 542-6860

UGA REAL ESTATE FOUNDATION, INC.
STATEMENTS OF NET POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 21,308,548	\$ 20,387,175
Interest Receivable	22,820	22,820
Accounts Receivable from the University and Affiliates	117,810	-
Prepaid Expenses	208,065	195,193
Capital Leases Receivable, current portion	8,533,296	8,121,304
Total Current Assets	<u>30,190,539</u>	<u>28,726,492</u>
Noncurrent Assets		
Bond Proceeds Restricted for		
Construction, Debt Service, and Reserves	5,765,025	5,765,025
Operating Funds Held by Trustee	2,821,316	2,427,884
Investments Held by UGAF	12,257,546	11,552,779
Capital Leases Receivable, noncurrent portion	223,082,949	231,616,248
Capital Assets, not being depreciated		
Land	15,724,224	15,724,224
Construction in Progress	776,096	21,884
Easement	1,835,296	1,835,296
Capital Assets, net of accumulated depreciation	1,603,070	1,717,394
Total Noncurrent Assets	<u>263,865,522</u>	<u>270,660,734</u>
Total Assets	<u>294,056,061</u>	<u>299,387,226</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refundings	\$ 14,156,893	\$ 15,086,273

UGA REAL ESTATE FOUNDATION, INC.
STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 182,264	\$ 28,000
Accounts Payable to the University and Affiliates	9,750	102,584
Accrued Interest Payable	513,756	534,530
Advance Rent and Lease Payment Receipts	2,026,270	2,006,940
Lease Rent Liability, current portion	51,993	51,372
Revolving Credit Agreement, current portion	-	8,516,222
Bonds Payable, current portion	9,485,000	9,145,000
Total Current Liabilities	<u>12,269,033</u>	<u>20,384,648</u>
Noncurrent Liabilities		
Lease Rent Liability, noncurrent portion	1,824,121	1,803,676
Revolving Credit Agreement, noncurrent portion	8,516,222	-
Bonds Payable, noncurrent portion	234,430,567	245,099,853
Total Noncurrent Liabilities	<u>244,770,910</u>	<u>246,903,529</u>
Total Liabilities	<u>257,039,943</u>	<u>267,288,177</u>
NET POSITION		
Net Investment in Capital Assets	11,422,464	10,782,576
Restricted		
Future Repairs and Replacements of Real Property	2,821,234	2,427,821
Unrestricted	36,929,313	33,974,925
Total Net Position	<u>\$ 51,173,011</u>	<u>\$ 47,185,322</u>

UGA REAL ESTATE FOUNDATION, INC.**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Operating Revenues		
Rental Income	\$ 4,320,143	\$ 4,134,158
Capital Lease Interest Income	12,343,515	12,968,697
Total Operating Revenues	16,663,658	17,102,855
Operating Expenses		
<i>General and Administrative Expenses</i>		
Professional Services	441,222	440,550
Other Expenses	23,706	25,643
<i>Total General and Administrative Expenses</i>	464,928	466,193
<i>Project Expenses</i>		
Operating Expenses	3,248,995	3,109,433
Depreciation	114,324	114,739
<i>Total Project Expenses</i>	3,363,319	3,224,172
Total Operating Expenses	3,828,247	3,690,365
Operating Income	12,835,411	13,412,490
Non-operating Revenues (Expenses)		
Investment Income	1,055,225	193,759
Other Income (Expense)	(1,041)	(183)
Gain on Early Termination of Capital Lease	-	3,346,108
Loss on Extinguishment of Debt	-	(2,358,684)
Interest Expense, net	(9,901,906)	(10,613,517)
Total Non-operating Revenues (Expenses)	(8,847,722)	(9,432,517)
Special Item		
Transfer of Residual Funds from O'Malley's Dissolution	-	(632,044)
Change in Net Position	3,987,689	3,347,929
Net Position		
Beginning of Year	47,185,322	43,837,393
End of Year	\$ 51,173,011	\$ 47,185,322

The accompanying notes to the financial statements are an integral part of these statements.

UGA REAL ESTATE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Receipts from rental income	\$ 4,341,028	\$ 4,142,666
Receipts of principal on capital leases	8,152,410	7,645,531
Receipts of interest on capital leases	12,310,857	13,104,544
Receipts for payments reimbursable by the University and affiliates	726,799	714,510
Payments to suppliers of goods and services	(3,723,468)	(3,399,170)
Payments reimbursable by the University and affiliates	(726,799)	(714,510)
Other operating payments	(100,000)	(752)
Net Cash from Operating Activities	20,980,827	21,492,819
Cash Flows from Investing Activities		
Purchases of investments	(345,718)	(293,457)
Net payments for foreign currency fluctuations	(1,041)	(183)
Investment income	696,431	435,598
Net Cash from Investing Activities	349,672	141,958
Cash Flows from Noncapital Financing Activities		
Payments to the University and affiliates	-	(632,044)
Net Cash from Noncapital Financing Activities	-	(632,044)
Cash Flows from Capital and Related Financing Activities		
Capital expenditures	(693,108)	-
Proceeds from sale of bonds	-	270,074
Proceeds from the University for transfer of assets	-	21,167,039
Payments for bond issuance costs	-	(264,801)
Interest payments on long-term debt	(10,177,586)	(10,327,611)
Principal repayment on bonds payable	(9,145,000)	(9,085,000)
Payments on bond extinguishment	-	(21,167,039)
Net Cash from Capital and Related Financing Activities	(20,015,694)	(19,407,338)
Net Change in Cash and Cash Equivalents	1,314,805	1,595,395
Cash and Cash Equivalents		
Beginning of year	28,580,084	26,984,689
End of year	\$ 29,894,889	\$ 28,580,084

The accompanying notes to the financial statements are an integral part of these statements.

UGA REAL ESTATE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating Income to Net Cash from		
Operating Activities		
Operating income	\$ 12,835,411	\$ 13,412,490
Adjustments to reconcile operating income to net cash from operating activities		
Depreciation	114,324	114,739
Straight-line rent expense adjustment	21,066	60,055
Receipts of principal on capital leases	8,152,410	7,645,531
Changes in assets and liabilities		
Prepaid expenses	(12,872)	(5,440)
Capital lease interest receivable	-	389,746
Accounts payable and accrued liabilities	(24,650)	28,000
Accounts payable to the University and affiliates	(93,089)	93,089
Advance rent and lease payment receipts	(11,773)	(245,391)
Net Cash from Operating Activities	<u>\$ 20,980,827</u>	<u>\$ 21,492,819</u>
Reconciliation of Cash and Cash Equivalents to the		
Statements of Net Position		
Cash and cash equivalents, per the statements of net position	\$ 21,308,548	\$ 20,387,175
Cash and cash equivalents included in bond proceeds		
Restricted for construction, debt service, and reserves	5,765,025	5,765,025
Cash and cash equivalents included in operating funds held by trustee	2,821,316	2,427,884
Total Cash and Cash Equivalents	<u>\$ 29,894,889</u>	<u>\$ 28,580,084</u>
Schedule of Noncash Investing, Capital and		
Related Financing Activity		
Bonds payable refunded through new bond issue and related cost of issuance	\$ -	\$ 15,751,314

UGA REAL ESTATE FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Organization

The UGA Real Estate Foundation, Inc. (the “Real Estate Foundation”) is a not-for-profit foundation that was chartered in 1999 and manages and improves various real estate assets for the benefit of the University of Georgia (the “University”), governed by the Board of Regents of the University System of Georgia (the “Board of Regents”). The Real Estate Foundation may also provide support to the Board of Regents and colleges and universities of the University System of Georgia. The Real Estate Foundation has created several limited liability companies of which it is the sole member for various purposes including constructing, financing, owning, and leasing real estate projects.

The Real Estate Foundation’s sole member is the University of Georgia Research Foundation, Inc. (the “Research Foundation”). The Real Estate Foundation operates under a cooperative organization agreement with the Board of Regents.

The Research Foundation was incorporated under the laws of the state of Georgia as a nonprofit corporation in 1978 and qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code (the “Code”). The Research Foundation is organized to fulfill broad scientific, literary, educational, and charitable purposes and operates to enhance the three-pronged mission of the University of teaching, research, and public service. The Research Foundation contributes to the research function of the University by securing research contracts, grants, and awards from individuals, institutions, private organizations, and government agencies for the performance of sponsored research in the various colleges, schools, departments, and other units of the University.

Note 2—Summary of significant accounting policies

Basis of Presentation – The Real Estate Foundation’s financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (“GASB”). The Statements of Governmental Accounting Standards (“SGAS”) are issued by GASB. The financial statements include the accounts of the Real Estate Foundation’s limited liability companies. All balances and transactions between the Real Estate Foundation and these limited liability companies have been eliminated.

The financial statement presentation provides a comprehensive, entity-wide perspective of the Real Estate Foundation’s assets, liabilities, deferred inflows/outflows of resources, net position, revenues, expenses, changes in net position, and cash flows. In addition, these statements require the Real Estate Foundation to present a Management’s Discussion and Analysis (“MD&A”). The MD&A is considered to be required supplemental information and precedes the financial statements.

Reporting Entity – In accordance with the criteria in SGAS No. 61, *The Financial Reporting Entity*, the Research Foundation is a legally separate, tax-exempt organization whose activities primarily support the University, a unit of the University System of Georgia (an organizational unit of the state of Georgia). The Research Foundation is considered an affiliated organization of the University, and due to its financial significance the Research Foundation’s financial activities are included in the University and University System of Georgia’s reports. The State Accounting Office determined component units of the state of Georgia, as required by SGAS No. 61, should not be assessed in relation to their significance to the University. Accordingly, the Research Foundation qualifies for treatment as a component unit of the state of Georgia.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

The Real Estate Foundation qualifies as a component unit of the Research Foundation. The statements of the Real Estate Foundation are shown using a blended presentation in the Research Foundation's financial statements. The Real Estate Foundation is the sole member of a number of limited liability companies, which effectively carry out the operations of the Real Estate Foundation. Therefore, the Real Estate Foundation and all its limited liability companies are shown using a blended presentation; that is, the activity of the Real Estate Foundation and all its limited liability companies is shown in the same column. See Note 14 for a list of all component units and condensed component unit financial information.

Complete financial statements of each of the blended component units may be obtained at the Real Estate Foundation's administrative office. The address is as follows:

UGA Real Estate Foundation, Inc.
c/o Finance Division
324 Business Services Building
456 E. Broad Street
Athens, GA 30602

Basis of Accounting – The Real Estate Foundation's financial statements have been presented using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash and Cash Equivalents – The Real Estate Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents. Investments in the Board of Regents Short-term Fund are carried at fair value. All other short-term investments, which consist of money markets, certificates of deposits, and non-participating repurchase agreements (unrated debt securities), are carried at cost. Balances may at times exceed federally insured limits.

Operating Funds Held by Trustee – Amounts transferred in from cash accounts are held by an independent trustee for the purpose of paying operating expenses and funding reserves for future obligations. From time to time, investments are made by the trustee in accordance with the trust indenture.

Bond Proceeds Restricted for Construction, Debt Service, and Reserves – Proceeds from bond issuances are held by an independent trustee and are restricted for the purpose of funding construction costs, interest, administrative fees, debt service reserves, and costs of issuance associated with the bond offerings. From time to time, investments are made by the trustee in accordance with the trust indenture.

Investments – In accordance with SGAS No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Real Estate Foundation is required to present certain investments at their fair value if the investment has a readily determined market value. Investments are carried at market value. Realized gains and losses are computed using the specific identification method.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

Capital Leases Receivable – The Real Estate Foundation enters into lease contracts of real property as a lessor. The terms and conditions of these contracts are assessed and the leases are classified as operating leases or capital leases according to their economic substance. When making such an assessment, the Real Estate Foundation focuses on the following aspects: a) transfer of ownership of the asset to the lessee at the end of the lease term; b) existence of a bargain purchase option held by the lessee; c) whether the lease term is for the major part of the economic life of the asset; and d) whether the present value of the minimum lease payments is substantially equal to the fair value of the leased asset at inception of the lease term. If one or more of the conditions are met, the lease is generally classified as a capital lease. The initial recording of the capital lease receivable is made on the day the real property is placed in service, with a corresponding entry to remove the capital asset using the lesser of the net present value of the lease payments or the fair value of the leased property. Capital leases are amortized over the term of the lease using the effective interest rate – the implicit rate that exactly discounts estimated future cash receipts through the expected life of the lease. Lease payments are allocated between the principal and interest components. Capital leases receivable consist of capital lease payments due for real property owned by the University. Collectability of these lease payments is reasonably assured and no allowance for uncollectible amounts has been established.

Capital Assets – Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments are capitalized.

Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of seven years.

Real property includes buildings and improvements stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the lesser of the estimated useful life of the related asset of 10 to 30 years or the remaining term on the related ground or air rights leases. Land and easements are stated at cost and are not depreciated.

Construction in progress is stated at cost and includes planning, development, and construction costs. When construction is complete and the asset is placed in use, assets are transferred at cost to real property or transferred to lessees as part of a capital lease agreement.

Deferred Outflows/Inflows of Resources – In accordance with SGAS No. 65, *Items Previously Reported as Assets and Liabilities*, the statements of net position report a separate financial statement element, deferred outflows of resources, which represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources until that time. The Real Estate Foundation's deferred loss on refundings qualifies for reporting in this category. The deferred loss on refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt using the straight-line method. In addition to liabilities, the statements of net position will at times report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. The Real Estate Foundation does not have any item that qualifies for reporting in this category.

Bonds Payable – The Real Estate Foundation records the net proceeds of tax-exempt and taxable bond financing as a liability upon issuance. Bond proceeds consist of the par value of the bonds issued plus premiums or minus discounts. Bond premiums and discounts are amortized to interest expense using the effective interest method.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 2—Summary of significant accounting policies (continued)

Net Position – Net position of the Real Estate Foundation is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any borrowings used to finance the purchase or construction of those assets. Restricted net position includes amounts restricted by bond indentures for debt service, operating costs, and repair and replacement reserves. Unrestricted net position is not subject to donor or other stipulations imposed by outside sources. The Real Estate Foundation considers several factors in determining whether to use restricted or unrestricted resources when restrictions are met.

Revenue Recognition – Rental income is recognized when earned and collectability of the associated receivable is reasonably assured. Rental income consists of the repair and replacement portion of the total capital lease payment and is recognized on a monthly basis in accordance with the related lease agreement. Advance rent receipts represent rental payments received but not yet earned.

Capital lease interest income is recorded per the related capital lease amortization schedule simultaneously with the rental income described above. Amounts are offset by rebates to the University related to savings realized by the Real Estate Foundation due to advance refunding of bonds payable. Advance lease payment receipts represent both the interest and principal components of capital lease payments received but not yet earned.

Operating and Non-Operating Revenues and Expenses – The financial statements distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with maintaining and leasing real property – the Real Estate Foundation’s principal activity. Non-exchange revenues, including investment income from sources other than capital leases, and net unrealized and realized gains and losses on investments are reported as non-operating revenues. Interest and financing costs are reported as non-operating expenses. Operating expenses are all expenses incurred to maintain and lease real property other than financing costs.

Income Taxes – The Real Estate Foundation is exempt from federal income taxes under Section 501(c)(3) of the Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Internal Revenue Service has determined that the Real Estate Foundation is not a private foundation under Section 509(a) of the Code.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Implementation of New Accounting Pronouncements - Effective July 1, 2018, the Real Estate Foundation adopted the provisions of SGAS No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Implementation of this statement requires distinction of bonds offered for public sale from direct borrowings and direct placements, and additional disclosure of terms specified in debt agreements. The Real Estate Foundation also implemented SGAS No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period* and therefore did not record capitalized interest for the year ended June 30, 2019. The implementation of these pronouncements did not result in any changes to net position.

Future Accounting Pronouncements – SGAS No. 87, *Leases*, was issued in June 2017. The standard requires lessors to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term. This standard will be effective for the year ending June 30, 2021. The Real Estate Foundation is currently in the process of evaluating the impact of this adoption on the financial statements.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3—Deposits and investments

A. Deposits

At June 30, 2019 and 2018, the bank balance of the Real Estate Foundation’s deposits, consisting of cash held in interest bearing checking accounts at financial institutions and cash equivalents held by trustees was \$2,825,565 and \$2,468,190, respectively.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Real Estate Foundation’s deposits may not be recovered. The Real Estate Foundation has no deposit policy for custodial credit risk.

The Real Estate Foundation places its cash and cash equivalents on deposit with financial institutions in the United States of America and Italy. For deposits with financial institutions in the United States of America, the Federal Deposit Insurance Corporation (“FDIC”) covers \$250,000 for substantially all depository accounts.

As of June 30, 2019, the bank balance of the Real Estate Foundation’s deposits is presented below by category of risk.

June 30, 2019 Deposits	FDIC Insured	Collateralized by U.S. Securities	Uninsured and Uncollateralized	Total
Checking Accounts	\$ -	\$ -	\$ 4,249	\$ 4,249
Funds Held by Trustee	-	-	2,821,316	2,821,316
Total Deposits	\$ -	\$ -	\$ 2,825,565	\$ 2,825,565

As of June 30, 2018, the bank balance of the Real Estate Foundation’s deposits is presented below by category of risk.

June 30, 2018 Deposits	FDIC Insured	Collateralized by U.S. Securities	Uninsured and Uncollateralized	Total
Checking Accounts	\$ -	\$ -	\$ 40,306	\$ 40,306
Funds Held by Trustee	-	-	2,427,884	2,427,884
Total Deposits	\$ -	\$ -	\$ 2,468,190	\$ 2,468,190

The uninsured and uncollateralized deposits classified as “Funds Held by Trustee” are primarily invested in Fidelity Institutional Money Market Treasury Portfolio, a short-term money market fund.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect a deposit. During the years ended June 30, 2019 and 2018, the Real Estate Foundation’s deposits changed by (\$1,041) and (\$183), respectively, due to foreign currency fluctuations between the euro and the dollar on cash balances held in banks. Amounts held in foreign currency denominations are valued at \$4,249 and \$40,306 as of June 30, 2019 and 2018, respectively.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3—Deposits and investments (continued)

B. Investments

The Real Estate Foundation follows its investment policy which establishes objectives, specifies allowable investments, sets target investment mixes, and provides investment guidelines.

The Real Estate Foundation entered into an agreement with the University of Georgia Foundation (“UGAF”) in order to establish the UGA Real Estate Short-term Holding Fund (the “Fund”) to be managed and held by UGAF. The Fund serves as a depository account and is separately managed and accounted for by UGAF. The Real Estate Foundation’s Board of Trustees (the “Board”) is responsible for investing decisions. As of June 30, 2019 and 2018, investments held by UGAF included fixed-income mutual funds in the amount of \$12,257,546 and \$11,552,779, respectively.

As of June 30, 2019 and 2018, the Real Estate Foundation held investments of \$39,347,741 and \$37,571,480, respectively.

As of June 30, 2019 and 2018, the Real Estate Foundation’s investments are presented below. All investments are presented by investment type and debt securities are presented by maturity.

June 30, 2019	Investment Maturity				
	Total	Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Investment Type					
Debt Securities					
Repurchase Agreements	\$ 11,514,892	\$ 11,514,892	\$ -	\$ -	\$ -
Repurchase Agreements Held by Trustee	5,765,025	-	-	-	5,765,025
	<u>17,279,917</u>	<u>\$ 11,514,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,765,025</u>
Fixed Income					
Mutual Funds Held by UGAF	12,257,546				
Investment Pools					
Board of Regents Short-term Fund	9,810,278				
Total Investments	<u>\$ 39,347,741</u>				

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3—Deposits and investments (continued)

B. Investments (continued)

June 30, 2018 Investment Type	Investment Maturity			
	Total	Less Than 1 Year	1-5 Years	More than 10 Years
Debt Securities				
Repurchase Agreements	\$ 11,491,758	\$ 11,491,758	\$ -	\$ -
Repurchase Agreements Held by Trustee	5,765,025	-	-	5,765,025
	<u>17,256,783</u>	<u>\$ 11,491,758</u>	<u>\$ -</u>	<u>\$ 5,765,025</u>
Fixed Income				
Mutual Funds Held by UGAF	11,552,779			
Investment Pools				
Board of Regents Short-term Fund	<u>8,761,918</u>			
Total Investments	<u>\$ 37,571,480</u>			

Repurchase agreements and the Board of Regents Short-term Fund are included in cash and cash equivalents on the statements of net position.

Repurchase agreements held by the trustee are included in bond proceeds restricted for construction, debt service and reserves on the statements of net position.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Real Estate Foundation's policy for managing interest rate risk is to invest primarily in short-term or intermediate-term investments.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Real Estate Foundation will not be able to recover the value of the investment. The Real Estate Foundation does not have a formal policy for managing custodial credit risk for investments.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Real Estate Foundation's policy for managing credit quality risk is to invest primarily in a diversified portfolio of investment grade debt securities and fixed-income mutual funds.

The Real Estate Foundation's investments at June 30, 2019 and 2018, are presented below. All investments are presented by investment type and fixed income securities are presented by credit quality ratings.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 3—Deposits and investments (continued)

B. Investments (continued)

June 30, 2019	Rated Debt Investments		
	Total	Mutual Funds Held by UGAF	Repurchase Agreements
Quality Ratings			
Moody's			
Aaa	\$ 5,765,025	\$ -	\$ 5,765,025
Morningstar			
4-Star	6,360,112	6,360,112	-
3-Star	5,897,434	5,897,434	-
Unrated	11,514,892	-	11,514,892
	<u>29,537,463</u>	<u>\$ 12,257,546</u>	<u>\$ 17,279,917</u>
Investment Pools			
Board of Regents Short-term Fund	9,810,278		
Total Investments	<u>\$ 39,347,741</u>		

June 30, 2018	Rated Debt Investments		
	Total	Mutual Funds Held by UGAF	Repurchase Agreements
Quality Ratings			
Moody's			
Aaa	\$ 5,765,025	\$ -	\$ 5,765,025
Morningstar			
5-Star	5,912,021	5,912,021	-
3-Star	5,640,758	5,640,758	-
Unrated	11,491,758	-	11,491,758
	<u>28,809,562</u>	<u>\$ 11,552,779</u>	<u>\$ 17,256,783</u>
Investment Pools			
Board of Regents Short-term Fund	8,761,918		
Total Investments	<u>\$ 37,571,480</u>		

The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the Board of Regents of the University System of Georgia - System Office (oversight unit). This audit can be obtained from the Georgia Department of Audits - Education Audit Division or on their website at <http://www.audits.ga.gov>.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Real Estate Foundation's policy for managing concentration of credit risk is to invest primarily in a diversified portfolio of investment grade debt securities and fixed-income mutual funds.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 4—Restricted and Board designated assets

Restricted and Board designated assets included in Operating Funds Held by Trustee and Bond Proceeds Restricted for Construction, Debt Service, and Reserves are as follows:

	<u>2019</u>	<u>2018</u>
Restricted for:		
Debt Service	\$ 5,765,025	\$ 5,765,025
Future Repairs and Replacements of Real Property	<u>2,821,234</u>	<u>2,427,821</u>
Total Restricted	<u>8,586,259</u>	<u>8,192,846</u>
Designated for:		
General Operations of the Real Estate Foundation	<u>82</u>	<u>63</u>
Total Restricted and Designated	<u>\$ 8,586,341</u>	<u>\$ 8,192,909</u>

The carrying values of the restricted and Board designated cash and cash equivalents and investment balances above are included in the statements of net position as follows:

	<u>2019</u>	<u>2018</u>
Operating Funds Held by Trustee	\$ 2,821,316	\$ 2,427,884
Bond Proceeds Restricted for Construction, Debt Service, and Reserves	<u>5,765,025</u>	<u>5,765,025</u>
Total Restricted and Designated	<u>\$ 8,586,341</u>	<u>\$ 8,192,909</u>

Cash and Cash Equivalents, which include Board designated assets, are as follows:

	<u>2019</u>	<u>2018</u>
Designated for:		
Debt Service	\$ 3,689,925	\$ 3,603,795
Future Repairs and Replacements of Real Property	9,960,126	8,939,164
General Operations of the Real Estate Foundation	<u>400,000</u>	<u>400,000</u>
Total Designated	14,050,051	12,942,959
Undesignated Cash and Cash Equivalents	<u>7,258,497</u>	<u>7,444,216</u>
Total Cash and Cash Equivalents	<u>\$ 21,308,548</u>	<u>\$ 20,387,175</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 5—Fair value measurements of assets and liabilities

The Real Estate Foundation has adopted SGAS No. 72, *Fair Value Measurement and Application*, which requires fair value measurement be classified and disclosed in one of the following three Fair Value Hierarchy categories.

Level 1

Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level 1 include listed equity securities, mutual funds, and money market funds. The Real Estate Foundation, to the extent that it holds such investments, does not adjust the quoted price for these investments.

Level 2

Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly traded securities with restrictions on disposition, corporate obligations, and U.S. Government and Agency Treasury Inflation Indices.

Level 3

Pricing inputs are unobservable for the investments and include situations where there is little, if any, market activity for the investments. The types of investments which would generally be included in this category include debt and equity securities issued by private entities and partnerships. The inputs into the determination of fair value require significant judgment or estimation. Inputs include recent transactions, earnings forecasts, market multiples, and future cash flows.

The tables below summarize the valuation of the Real Estate Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2019 and 2018, based on the level of input utilized to measure fair value.

Measurement at fair value on a recurring basis:

June 30, 2019	Fair Value Measurement			
	Total	Level 1	Level 2	Level 3
Investments - Recurring Basis				
Fixed Income				
Mutual Funds Held by UGAF	\$ 12,257,546	\$ 12,257,546	\$ -	\$ -
Investment Pools				
Board of Regents				
Short-term Fund	9,810,278	-	9,810,278	-
Total Investments - Recurring Basis	\$ 22,067,824	\$ 12,257,546	\$ 9,810,278	\$ -

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 5—Fair value measurements of assets and liabilities (continued)

June 30, 2018 Investments - Recurring Basis	Fair Value Measurement			
	Total	Level 1	Level 2	Level 3
Fixed Income				
Mutual Funds Held by UGAF	\$ 11,552,779	\$ 11,552,779	\$ -	\$ -
Investment Pools				
Board of Regents				
Short-term Fund	8,761,918	-	8,761,918	-
Total Investments - Recurring Basis	\$ 20,314,697	\$ 11,552,779	\$ 8,761,918	\$ -

All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Note 6—Capital leases receivable

The Real Estate Foundation has entered into multiple 20 to 30-year capital lease agreements (1-year leases with annual renewals) with the Board of Regents to occupy the Real Estate Foundation's facilities. Lease payments are due monthly. At the end of the lease term, ownership of the leased facilities will be transferred to the Board of Regents.

As of June 30, 2019 and 2018, net capital leases receivable were \$231,616,245 and \$239,737,552, respectively. These amounts include future minimum lease payments to be received of \$360,413,165 and \$381,077,983 as of June 30, 2019 and 2018, respectively, of which \$128,796,920 and \$141,340,431, respectively, is unearned interest.

As of June 30, 2019, lease payments are receivable as follows:

2020	\$ 20,646,161
2021	20,626,097
2022	20,607,161
2023	20,592,403
2024	20,568,423
2025 - 2029	102,467,470
2030 - 2034	98,128,328
2035 - 2039	46,661,907
2040 - 2044	10,115,215
Total Payments to be Received	360,413,165
Less Amounts Representing Interest	(128,796,920)
Total Leases Receivable	231,616,245
Less Current Portion	(8,533,296)
Noncurrent Leases Receivable	<u>\$ 223,082,949</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 7—Capital assets

Capital assets consisted of the following at June 30, 2019:

	Balance at June 30, 2018	Additions	Disposals and Reclasses	Balance at June 30, 2019
Nondepreciable Capital Assets				
Land	\$ 15,724,224	\$ -	\$ -	\$ 15,724,224
Construction in Progress	21,884	754,212	-	776,096
Easement	1,835,296	-	-	1,835,296
Total Nondepreciable Capital Assets	<u>17,581,404</u>	<u>754,212</u>	<u>-</u>	<u>18,335,616</u>
Depreciable Capital Assets				
Buildings and Improvements	3,179,498	-	-	3,179,498
Less Accumulated Depreciation	<u>(1,462,104)</u>	<u>(114,324)</u>	<u>-</u>	<u>(1,576,428)</u>
Total Depreciable Capital Assets	<u>1,717,394</u>	<u>(114,324)</u>	<u>-</u>	<u>1,603,070</u>
Capital Assets, net	<u>\$ 19,298,798</u>	<u>\$ 639,888</u>	<u>\$ -</u>	<u>\$ 19,938,686</u>

Capital assets consisted of the following at June 30, 2018:

	Balance at June 30, 2017	Additions	Disposals and Reclasses	Balance at June 30, 2018
Nondepreciable Capital Assets				
Land	\$ 15,724,224	\$ -	\$ -	\$ 15,724,224
Construction in Progress	21,884	-	-	21,884
Easement	1,835,296	-	-	1,835,296
Total Nondepreciable Capital Assets	<u>17,581,404</u>	<u>-</u>	<u>-</u>	<u>17,581,404</u>
Depreciable Capital Assets				
Buildings and Improvements	3,179,498	-	-	3,179,498
Less Accumulated Depreciation	<u>(1,347,365)</u>	<u>(114,739)</u>	<u>-</u>	<u>(1,462,104)</u>
Total Depreciable Capital Assets	<u>1,832,133</u>	<u>(114,739)</u>	<u>-</u>	<u>1,717,394</u>
Capital Assets, net	<u>\$ 19,413,537</u>	<u>\$ (114,739)</u>	<u>\$ -</u>	<u>\$ 19,298,798</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 8—Long-term debt

The Real Estate Foundation has entered into multiple loan agreements to borrow bond proceeds from the Development Authority of the Unified Government of Athens-Clarke County, Georgia (the "Development Authority") or the Housing Authority of the City of Athens, Georgia (the "Housing Authority"). The Real Estate Foundation used the proceeds of these loans to fund construction, acquisition, renovation and the equipping of various facilities located on the University's campus. These properties are secured by certain real properties and by the Real Estate Foundation's interest in certain rents and leases derived from these facilities.

At June 30, 2019, borrowings under the loan agreements bear interest payable semi-annually in December and June at rates ranging from 1.05% to 5.25% with maturity dates through Fiscal 2044.

Revenue Bonds	Original Issue Amount	Interest Rates	Maturing Through Year	Outstanding Balances	
				2019	2018
Bolton Entity, Series 2013	\$ 24,400,000	3.00% - 5.00%	2044	\$ 18,440,000	\$ 18,840,000
CCRC Entity, Series 2011	32,580,000	2.00% - 5.25%	2032	24,305,000	25,590,000
Central Precinct Entity, Series 2016	54,025,000	2.00% - 5.00%	2038	48,575,000	50,440,000
EC Housing Entity, Series 2010	34,090,000	2.50% - 5.00%	2023	16,075,000	18,880,000
EC Housing Entity, Series 2011	48,250,000	2.00% - 5.00%	2033	46,325,000	46,430,000
EC Housing Phase II Entity, Series 2017	44,630,000	3.00% - 5.00%	2040	41,145,000	42,285,000
Fraternity Row Entity, Series 2017	12,665,000	1.05% - 4.45%	2039	11,420,000	11,820,000
PAC Entity, Series 2017	15,215,000	2.00% - 5.00%	2039	14,115,000	14,600,000
Rutherford Entity, Series 2012	21,910,000	2.00% - 5.00%	2033	11,945,000	12,605,000

Defeasance and refunding of revenue bonds

Coverdell Entity

On September 6, 2017, the Development Authority entered into an agreement with the Coverdell Entity to early extinguish \$18,780,000 of outstanding 2013 Coverdell Bonds with interest rates ranging from 3.0% to 5.0% pursuant to the transfer of the Coverdell Entity's portion of a research facility to the University.

A portion of the proceeds received from the University in the net amount of \$21,135,165 (after payment of \$31,874 in extinguishment costs) was transferred into an irrevocable trust with an escrow agent and used to purchase U.S. government securities. Those securities are to fund future debt service payments on the extinguished 2013 Coverdell Bonds. As a result, \$18,780,000 of outstanding 2013 Coverdell Bonds were considered to be defeased and the liability for those bonds was removed from the statement of net position for the year ended June 30, 2018. The related \$1,344,684 of 2013 Coverdell Bond deferred loss on refunding was removed from the statement of net position for the year ended June 30, 2018.

The early extinguishment resulted in a gain consisting of the difference between the reacquisition price and the net carrying amount of the extinguished debt of \$987,424. This difference was recorded as a \$3,346,108 ordinary gain on early termination of capital lease offset by a \$2,358,684 ordinary loss on extinguishment of debt for the year ended June 30, 2018. The Coverdell Entity completed the early extinguishment in order to repay the 2013 Coverdell Bonds, to transfer the research facility to the University, and to reduce its total debt service payments on the 2013 Coverdell Bonds through 2034 by \$3,179,314. The resulting economic gain (difference between the present value of the extinguished debt and the cash amount transferred to escrow) was \$1,348,712 using an effective interest rate of 1.816%.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 8—Long-term debt (continued)

Defeasance and refunding of revenue bonds (continued)

PAC Entity

On September 14, 2017, the Development Authority issued \$15,215,000 in Revenue Refunding Bonds (UGAREF PAC Parking Deck, LLC Project), Series 2017 (the “2017 PAC Bonds”) with interest rates ranging from 2.0% to 5.0% and entered into an agreement (the “2017 PAC Loan Agreement”) with the PAC Entity to advance refund \$14,775,000 of outstanding 2009 PAC Bonds with interest rates ranging from 3.625% to 5.0%.

The net proceeds of \$15,698,257 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to fund future debt service payments on the refunded 2009 PAC Bonds. As a result, \$14,775,000 of outstanding 2009 PAC Bonds were considered to be defeased and the liability for those bonds was removed from the statement of net position for the year ended June 30, 2018.

The advance refunding resulted in a loss, which consisted of the difference between the reacquisition price and the net carrying amount of the old debt, of \$832,828. This difference, reported in the accompanying statement of net position as a deferred outflow of resources, is being charged to operations as interest expense through June 15, 2039, using the straight-line method. The PAC Entity completed the advance refunding to reduce its total debt service payments through 2039 by \$1,785,765 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,331,155 at an effective interest rate of 2.857%.

Real Estate Foundation

The bonds payable agreements require the Real Estate Foundation to meet certain covenants. At June 30, 2019 and 2018, the Real Estate Foundation was not aware of any violations of the covenants.

Following is a summary as of June 30, 2019, of principal and interest payments for the face value of the bonds payable during each of the next five years ending June 30 and every five years thereafter:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 9,485,000	\$ 9,586,775
2021	9,865,000	9,204,468
2022	10,170,000	8,839,543
2023	10,630,000	8,386,280
2024	11,035,000	7,956,564
2025 - 2029	62,320,000	32,095,915
2030 - 2034	73,030,000	17,286,391
2035 - 2039	37,420,000	5,996,570
2040 - 2044	8,390,000	877,550
	<u>\$ 232,345,000</u>	<u>\$ 100,230,056</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 8—Long-term debt (continued)

Real Estate Foundation (continued)

Changes in long-term debt for the year ended June 30, 2019, are shown below:

	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Disposals and Reductions</u>	<u>Balance at June 30, 2019</u>	<u>Current Portion</u>
Bonds Payable	\$ 241,490,000	\$ -	\$ (9,145,000)	\$ 232,345,000	\$ 9,485,000
Net Premium (Discount)	12,754,853	-	(1,184,286)	11,570,567	-
Total Long-term Debt	<u>\$ 254,244,853</u>	<u>\$ -</u>	<u>\$ (10,329,286)</u>	<u>\$ 243,915,567</u>	<u>\$ 9,485,000</u>

Changes in long-term debt for the year ended June 30, 2018, are shown below:

	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Disposals and Reductions</u>	<u>Balance at June 30, 2018</u>	<u>Current Portion</u>
Bonds Payable	\$ 268,915,000	\$ 15,215,000	\$ (42,640,000)	\$ 241,490,000	\$ 9,145,000
Net Premium (Discount)	14,322,543	806,388	(2,374,078)	12,754,853	-
Total Long-term Debt	<u>\$ 283,237,543</u>	<u>\$ 16,021,388</u>	<u>\$ (45,014,078)</u>	<u>\$ 254,244,853</u>	<u>\$ 9,145,000</u>

A summary of the components of interest cost for the years ended June 30, 2019 and 2018, is as follows:

	<u>Interest Expensed 2019</u>	<u>Interest Expensed 2018</u>
Interest Cost		
Interest Expense	\$ 10,188,034	\$ 10,635,270
Amortization of Premiums, Discounts, and Deferred Loss	(254,906)	(311,360)
Cost of Issuance	-	317,858
Fees	242,617	245,588
Interest Income	(273,839)	(273,839)
Total Interest Cost	<u>\$ 9,901,906</u>	<u>\$ 10,613,517</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 9—Line of credit

\$25,000,000 Revolving Credit Agreement Fiscal 2018 – In November 2015, the Real Estate Foundation entered into a \$25 million revolving credit agreement with a bank, for a three-year term that expired on November 30, 2018. Credit available under the revolving credit agreement was reduced by outstanding borrowings. At June 30, 2018, amounts outstanding and issued under this agreement included borrowings of \$8,516,222, resulting in \$16,483,778 of borrowing capacity under this line. Borrowings under the revolving credit agreement bore interest at the bank's 30-day London Interbank Offered Rate plus 60.0 basis points (or 0.60%). At June 30, 2018, the rate applicable to the borrowings was 2.69%. Amounts available as borrowing capacity were subject to an unused commitment fee of 0.10%.

Under this revolving credit agreement, certain borrowings were subject to a guarantee requirement with the Research Foundation as guarantor. As of June 30, 2018, there were no borrowings subject to this guarantee requirement.

The revolving credit agreement required the Real Estate Foundation to meet certain covenants. At June 30, 2018, the Real Estate Foundation was not aware of any violations of the covenants.

\$25,000,000 Revolving Credit Agreement Fiscal 2019 – In November 2018, the Real Estate Foundation replaced its expiring revolving credit agreement and entered into a new \$25 million revolving credit agreement with a bank, for a five-year term to expire on November 30, 2023. Credit available under the revolving credit agreement is reduced by outstanding borrowings. At June 30, 2019, amounts outstanding and issued under this agreement include borrowings of \$8,516,222, resulting in \$16,483,778 available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's 30-day London Interbank Offered Rate plus 48.0 basis points (or 0.48%). At June 30, 2019, the rate applicable to the borrowings was 2.92%. Amounts available as borrowing capacity are subject to an unused commitment fee of 0.10%.

The revolving credit agreement requires the Real Estate Foundation to meet certain covenants. At June 30, 2019, the Real Estate Foundation was not aware of any violations of the covenants.

Note 10—Operating leases

The Real Estate Foundation is a lessee under an amended multiyear operating lease for University education facilities at Live Oak Square, Atlanta, Georgia, that expires on August 31, 2024, with escalating rents. The Real Estate Foundation recognizes rent for this agreement on a straight-line basis. A straight-line lease liability of \$730,642 and \$755,531, as of June 30, 2019 and 2018, respectively, is included in liabilities. For the years ended June 30, 2019 and 2018, rent expense was \$887,575 and \$830,780, respectively, and includes additional rents to cover operating expenses of the education facility.

The Real Estate Foundation is a lessee under a multiyear operating lease for University education facilities at Gwinnett Intellicenter, Duluth, Georgia, that expires on April 30, 2027, with escalating rents. The Real Estate Foundation recognizes rent for this agreement on a straight-line basis. A straight-line lease liability of \$1,145,472 and \$1,099,517, as of June 30, 2019 and 2018, respectively, is included in liabilities. For the years ended June 30, 2019 and 2018, rent expense was \$1,543,903 and \$1,535,015, respectively, and includes additional rents to cover operating expenses of the education facility.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 10—Operating leases (continued)

The following is a schedule by years of future minimum rental payments under operating leases as of June 30, 2019, that have initial or remaining non-cancelable lease terms in excess of one year:

<u>Years Ending June 30,</u>	
2020	\$ 2,568,541
2021	2,668,490
2022	2,744,766
2023	2,823,101
2024	2,903,734
2025 - 2027	5,276,426
	<u>\$ 18,985,058</u>

Note 11—Related-party transactions

The Real Estate Foundation leases real property to the Board of Regents under both operating and capital leases, including space subleased under operating leases to the Board of Regents. The Real Estate Foundation also has one-year licensing agreements with the Board of Regents which provides for the operation of parking lots by the Board of Regents on the Real Estate Foundation's land located on Oconee Street in Athens, Georgia, in exchange for a fee adjusted at the end of the term to reflect actual costs incurred. For the years ended June 30, 2019 and 2018, the amounts reported as Rental Income and Capital Lease Interest Income in the statements of revenues, expenses, and changes in net position consist of revenue earned through lease agreements. The lease agreements with the Board of Regents are the primary source of revenue for the Real Estate Foundation, which constitutes a concentration of credit risk.

Additionally, the lease agreements provide that certain amounts paid by the Real Estate Foundation be reimbursed by the Board of Regents. Amounts reimbursed are primarily insurance and property taxes. For the years ended June 30, 2019 and 2018, the expenses which were paid by the Real Estate Foundation and reimbursed by the University are reported as Receipts for Payments Reimbursable by the University and Affiliates and Payments Reimbursable by the University and Affiliates in the statements of cash flows.

The Real Estate Foundation leases the use of land from the Board of Regents where it has constructed property on Board of Regents' land. These ground leases are for a period of up to 3 years during construction and continue for 30 years after construction is complete for a base rental of \$10 per year. Under the ground leases, 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 Real Estate Foundation has entered into an administrative services agreement with the University whereby the University provides project management, accounting, and other administrative services, as well as provisions for office space, maintenance, and utilities to be provided by the University to the Real Estate Foundation. During the years ended June 30, 2019 and 2018, the Real Estate Foundation paid \$361,495 and \$352,186, respectively, to the University under the terms of that agreement. The administrative services agreement is renewable on an annual basis.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 11—Related-party transactions (continued)

On September 6, 2017, the Coverdell Entity terminated the capital lease with the Board of Regents and transferred the Coverdell Entity's real property to the University. In connection with the transfer, the Development Authority entered into an agreement with the Coverdell Entity to early extinguish \$18,780,000 of the outstanding 2013 Coverdell Bonds. The loss on extinguishment of the bonds was \$2,358,684. The gain on early termination of the capital lease was \$3,346,108. This gain is shown in the Gain on Termination of Capital Lease for the year ended June 30, 2018, in the statements of revenues, expenses, and changes in net position, and consisted of the following components:

Proceeds received from University	\$ 21,167,039
Capital lease receivable at time of transfer	<u>(17,820,931)</u>
Total Gain	<u><u>\$ 3,346,108</u></u>

The Real Estate Foundation leased air rights from the Board of Regents where it had constructed property above the lower floors on the Board of Regents' land. The air rights lease was for a period of up to 3 years during construction and continued for 30 years after construction was completed for a base rental of \$10 per year. Under the air rights lease, the ownership of any building or structure constructed above the lower floors of the building would pass to the Board of Regents at the end of the air rights lease. The air rights lease was terminated as part of the Coverdell Entity's transaction listed above.

In September 2018, the Board approved the use of \$100,000 unrestricted cash to partially fund the startup expenses of the University Innovation District.

Note 12—Dissolution of O'Malley's Entity

In September 2017, the Board approved the dissolution of the O'Malley's Entity. As a result, the O'Malley's Entity distributed residual funds of \$354,800 to the University and \$277,244 to the Research Foundation for a total distribution of \$632,044.

Note 13—Subsequent event

On July 9, 2019, the Board approved the \$10.5 million acquisition of a 6.6 mile, 77 acre, rail corridor that is adjacent to the University. The ATP Entity completed the purchase on August 19, 2019. The purchase was funded with unrestricted cash of \$4,975,000 and borrowings of \$5,525,000 on the revolving credit agreement.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 14—Condensed component unit information

The schedules on the following pages include the condensed financial information of the Real Estate Foundation's blended component units as of and for the years ended June 30, 2019 and 2018.

The Real Estate Foundation is the sole member or owner of the following entities:

<u>Legal Name</u>	<u>Short Name</u>
UGAREF Bolton Commons, LLC	Bolton Entity
UGAREF CCRC Building, LLC	CCRC Entity
UGAREF Central Precinct, LLC	Central Precinct Entity
UGAREF Cortona, Italy Foundation	Cortona Foundation
UGAREF Coverdell Building, LLC	Coverdell Entity
UGAREF East Campus Housing, LLC	EC Housing Entity
UGAREF East Campus Housing Phase II, LLC	EC Housing Phase II Entity
UGAREF Fraternity Row, LLC	Fraternity Row Entity
UGAREF Hardin Property, LLC	Hardin Entity
UGAREF Oconee Street, LLC	Oconee Entity
UGAREF O'Malley's Building, LLC	O'Malley's Entity (LLC dissolved October 31, 2017)*
UGAREF PAC Parking Deck, LLC	PAC Entity
UGAREF Rutherford Hall, LLC	Rutherford Entity
UGAREF Spring Street, LLC	Spring Entity
Athens Transportation Partners, LLC	ATP Entity

*Activity for the O'Malley's Entity for the year ended June 30, 2018, is included in the Real Estate Foundation column in the following condensed financial statements.

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 14—Condensed component unit information (continued)

The condensed component units' statements of net position as of June 30, 2019, are shown below:

	Bolton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity	Fraternity Row Entity
Assets								
Current Assets	\$ 1,712,730	\$ 5,555,220	\$ 3,807,272	\$ 426,501	\$ 1,626,343	\$ 5,466,227	\$ 3,222,913	\$ 1,325,446
Capital Assets	-	-	-	1,936,585	-	-	-	-
Other Noncurrent Assets	18,211,239	24,056,960	47,412,071	-	-	66,263,665	40,235,877	10,202,191
Total Assets	<u>19,923,969</u>	<u>29,612,180</u>	<u>51,219,343</u>	<u>2,363,086</u>	<u>1,626,343</u>	<u>71,729,892</u>	<u>43,458,790</u>	<u>11,527,637</u>
Deferred Outflows of Resources								
Deferred Loss on Refundings	-	923,602	6,430,175	-	-	2,025,984	2,962,478	1,050,431
Liabilities								
Current Liabilities	577,843	1,585,802	2,354,698	8,381	-	3,836,424	1,548,105	509,419
Due to/from Related Entities	-	-	-	-	-	-	-	-
Noncurrent Liabilities	18,452,881	23,311,153	52,056,720	-	-	60,229,165	43,534,073	11,015,000
Total Liabilities	<u>19,030,724</u>	<u>24,896,955</u>	<u>54,411,418</u>	<u>8,381</u>	<u>-</u>	<u>64,065,589</u>	<u>45,082,178</u>	<u>11,524,419</u>
Net Position								
Net Investment in Capital Assets	-	-	-	1,936,585	-	-	-	-
Restricted:								
Future Repairs and Replacements of Real Property	-	-	-	-	-	2,821,234	-	-
Unrestricted	893,245	5,638,827	3,238,100	418,120	1,626,343	6,869,053	1,339,090	1,053,649
Total Net Position	<u>\$ 893,245</u>	<u>\$ 5,638,827</u>	<u>\$ 3,238,100</u>	<u>\$ 2,354,705</u>	<u>\$ 1,626,343</u>	<u>\$ 9,690,287</u>	<u>\$ 1,339,090</u>	<u>\$ 1,053,649</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Hardin Entity	Oconee Entity	PAC Entity	Rutherford Entity	Spring Entity	ATP Entity	Total Blended Component Units	Real Estate Foundation	Total
\$ 2,396	\$ 42,121	\$ 1,506,211	\$ 1,661,636	\$ 14,025	\$ 13,941	\$ 26,382,982	\$ 3,807,557	\$ 30,190,539
8,722,492	8,516,222	-	-	-	754,212	19,929,511	9,175	19,938,686
-	-	13,731,756	11,555,531	-	-	231,669,290	12,257,546	243,926,836
<u>8,724,888</u>	<u>8,558,343</u>	<u>15,237,967</u>	<u>13,217,167</u>	<u>14,025</u>	<u>768,153</u>	<u>277,981,783</u>	<u>16,074,278</u>	<u>294,056,061</u>
-	-	764,223	-	-	-	14,156,893	-	14,156,893
345	42,966	616,963	697,205	-	61,104	11,839,255	429,778	12,269,033
10,169,366	-	-	-	-	707,043	10,876,409	(10,876,409)	-
-	8,516,222	14,309,521	11,522,054	-	-	242,946,789	1,824,121	244,770,910
<u>10,169,711</u>	<u>8,559,188</u>	<u>14,926,484</u>	<u>12,219,259</u>	<u>-</u>	<u>768,147</u>	<u>265,662,453</u>	<u>(8,622,510)</u>	<u>257,039,943</u>
8,722,492	-	-	-	-	754,212	11,413,289	9,175	11,422,464
-	-	-	-	-	-	2,821,234	-	2,821,234
<u>(10,167,315)</u>	<u>(845)</u>	<u>1,075,706</u>	<u>997,908</u>	<u>14,025</u>	<u>(754,206)</u>	<u>12,241,700</u>	<u>24,687,613</u>	<u>36,929,313</u>
<u>\$ (1,444,823)</u>	<u>\$ (845)</u>	<u>\$ 1,075,706</u>	<u>\$ 997,908</u>	<u>\$ 14,025</u>	<u>\$ 6</u>	<u>\$ 26,476,223</u>	<u>\$ 24,696,788</u>	<u>\$ 51,173,011</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 14—Condensed component unit information (continued)

The condensed component units' statements of net position as of June 30, 2018, are shown below:

	Bolton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity	Fraternity Row Entity
Assets								
Current Assets	\$ 1,537,754	\$ 5,056,109	\$ 3,542,734	\$ 378,306	\$ 1,635,733	\$ 5,132,108	\$ 2,949,124	\$ 1,206,126
Capital Assets	-	-	-	2,050,909	-	-	-	-
Other Noncurrent Assets	18,561,088	25,458,066	49,324,177	-	-	68,270,076	41,372,362	10,460,497
Total Assets	<u>20,098,842</u>	<u>30,514,175</u>	<u>52,866,911</u>	<u>2,429,215</u>	<u>1,635,733</u>	<u>73,402,184</u>	<u>44,321,486</u>	<u>11,666,623</u>
Deferred Outflows of Resources								
Deferred Loss on Refundings	-	992,229	6,769,349	-	-	2,315,290	3,103,829	1,103,062
Liabilities								
Current Liabilities	561,364	1,552,141	2,304,081	8,136	-	3,708,287	1,499,437	504,719
Due to/from Related Entities	-	-	-	-	-	-	-	-
Noncurrent Liabilities	18,902,152	24,675,225	54,518,079	-	-	63,450,004	45,026,018	11,420,000
Total Liabilities	<u>19,463,516</u>	<u>26,227,366</u>	<u>56,822,160</u>	<u>8,136</u>	<u>-</u>	<u>67,158,291</u>	<u>46,525,455</u>	<u>11,924,719</u>
Net Position								
Net Investment in Capital Assets	-	-	-	2,050,909	-	-	-	-
Restricted:								
Future Repairs and Replacements of Real Property	-	-	-	-	-	2,427,821	-	-
Unrestricted	635,326	5,279,038	2,814,100	370,170	1,635,733	6,131,362	899,860	844,966
Total Net Position	<u>\$ 635,326</u>	<u>\$ 5,279,038</u>	<u>\$ 2,814,100</u>	<u>\$ 2,421,079</u>	<u>\$ 1,635,733</u>	<u>\$ 8,559,183</u>	<u>\$ 899,860</u>	<u>\$ 844,966</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Hardin Entity	Oconee Entity	PAC Entity	Rutherford Entity	Spring Entity	Total Blended Component Units	Real Estate Foundation	Total
\$ 2,361	\$ 34,944	\$ 1,395,307	\$ 1,503,793	\$ 15,463	\$ 24,389,862	\$ 4,336,630	\$ 28,726,492
8,722,492	8,516,222	-	-	-	19,289,623	9,175	19,298,798
-	-	14,177,613	12,185,278	-	239,809,157	11,552,779	251,361,936
<u>8,724,853</u>	<u>8,551,166</u>	<u>15,572,920</u>	<u>13,689,071</u>	<u>15,463</u>	<u>283,488,642</u>	<u>15,898,584</u>	<u>299,387,226</u>
-	-	802,514	-	-	15,086,273	-	15,086,273
-	8,551,735	602,569	678,030	-	19,970,499	414,149	20,384,648
10,108,371	-	-	-	-	10,108,371	(10,108,371)	-
-	-	14,872,273	12,236,102	-	245,099,853	1,803,676	246,903,529
<u>10,108,371</u>	<u>8,551,735</u>	<u>15,474,842</u>	<u>12,914,132</u>	<u>-</u>	<u>275,178,723</u>	<u>(7,890,546)</u>	<u>267,288,177</u>
8,722,492	-	-	-	-	10,773,401	9,175	10,782,576
-	-	-	-	-	2,427,821	-	2,427,821
<u>(10,106,010)</u>	<u>(569)</u>	<u>900,592</u>	<u>774,939</u>	<u>15,463</u>	<u>10,194,970</u>	<u>23,779,955</u>	<u>33,974,925</u>
<u>\$(1,383,518)</u>	<u>\$ (569)</u>	<u>\$ 900,592</u>	<u>\$ 774,939</u>	<u>\$ 15,463</u>	<u>\$ 23,396,192</u>	<u>\$ 23,789,130</u>	<u>\$ 47,185,322</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 14—Condensed component unit information (continued)

The condensed component units' statements of revenues, expenses, and changes in net position for the year ended June 30, 2019, are shown below:

	Bolton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity
Operating Revenues							
Rental Income	\$ 93,589	\$ 340,000	\$ 111,688	\$ 97,638	\$ -	\$ 399,000	\$ 170,284
Capital Lease Interest Income	1,052,252	1,004,317	2,274,147	-	-	3,931,124	2,119,375
Total Operating Revenues	1,145,841	1,344,317	2,385,835	97,638	-	4,330,124	2,289,659
Operating Expenses							
General and Administrative Expenses	-	-	-	-	-	-	-
Project Operating Expenses	87,257	36,236	120,060	56,768	12,327	625,863	108,235
Project Operating Depreciation Expense	-	-	-	114,324	-	-	-
Total Operating Expenses	87,257	36,236	120,060	171,092	12,327	625,863	108,235
Operating Income (Loss)	1,058,584	1,308,081	2,265,775	(73,454)	(12,327)	3,704,261	2,181,424
Non-Operating Revenues (Expenses)							
Interest Expense, net	(828,989)	(1,037,279)	(1,879,909)	-	-	(2,654,803)	(1,789,475)
Other Non-Operating Revenues (Expenses)	28,324	88,987	38,134	7,080	2,937	81,646	47,281
Total Non-Operating Revenues (Expenses)	(800,665)	(948,292)	(1,841,775)	7,080	2,937	(2,573,157)	(1,742,194)
Change in Net Position	257,919	359,789	424,000	(66,374)	(9,390)	1,131,104	439,230
Net Position							
Beginning of Year	635,326	5,279,038	2,814,100	2,421,079	1,635,733	8,559,183	899,860
End of Year	\$ 893,245	\$ 5,638,827	\$ 3,238,100	\$ 2,354,705	\$ 1,626,343	\$ 9,690,287	\$ 1,339,090

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Fraternity Row Entity	Hardin Entity	Oconee Entity	PAC Entity	Rutherford Entity	Spring Entity	ATP Entity	Total Blended Component Units	Real Estate Foundation	Total
\$ 80,080	\$ -	\$ 426,154	\$ 80,004	\$ 71,174	\$ 120	\$ -	\$ 1,869,731	\$ 2,450,412	\$ 4,320,143
707,533	-	-	653,363	601,404	-	-	12,343,515	-	12,343,515
787,613	-	426,154	733,367	672,578	120	-	14,213,246	2,450,412	16,663,658
-	-	-	-	-	-	-	-	464,928	464,928
72,143	61,312	177,912	94,044	39,236	1,584	-	1,492,977	1,756,018	3,248,995
-	-	-	-	-	-	-	114,324	-	114,324
72,143	61,312	177,912	94,044	39,236	1,584	-	1,607,301	2,220,946	3,828,247
715,470	(61,312)	248,242	639,323	633,342	(1,464)	-	12,605,945	229,466	12,835,411
(528,595)	-	(248,628)	(487,733)	(422,328)	-	-	(9,877,739)	(24,167)	(9,901,906)
21,808	7	110	23,524	11,955	26	6	351,825	702,359	1,054,184
(506,787)	7	(248,518)	(464,209)	(410,373)	26	6	(9,525,914)	678,192	(8,847,722)
208,683	(61,305)	(276)	175,114	222,969	(1,438)	6	3,080,031	907,658	3,987,689
844,966	(1,383,518)	(569)	900,592	774,939	15,463	-	23,396,192	23,789,130	47,185,322
<u>\$ 1,053,649</u>	<u>\$(1,444,823)</u>	<u>\$ (845)</u>	<u>\$ 1,075,706</u>	<u>\$ 997,908</u>	<u>\$ 14,025</u>	<u>\$ 6</u>	<u>\$ 26,476,223</u>	<u>\$ 24,696,788</u>	<u>\$ 51,173,011</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 14—Condensed component unit information (continued)

The condensed component units' statements of revenues, expenses, and changes in net position for the year ended June 30, 2018, are shown below:

	Bolton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity
Operating Revenues							
Rental Income	\$ 89,989	\$ 340,000	\$ 108,435	\$ 94,794	\$ 8,333	\$ 399,000	\$ 163,735
Capital Lease Interest Income	1,074,148	1,054,965	2,352,891	-	182,422	4,076,952	2,172,490
Total Operating Revenues	1,164,137	1,394,965	2,461,326	94,794	190,755	4,475,952	2,336,225
Operating Expenses							
General and Administrative Expenses	-	-	-	-	-	-	-
Project Operating Expenses	81,691	43,699	127,913	59,391	35,057	610,417	117,724
Project Operating Depreciation Expense	-	-	-	114,739	-	-	-
Total Operating Expenses	81,691	43,699	127,913	174,130	35,057	610,417	117,724
Operating Income (Loss)	1,082,446	1,351,266	2,333,413	(79,336)	155,698	3,865,535	2,218,501
Non-Operating Revenues (Expenses)							
Interest Expense, net	(843,435)	(1,069,386)	(1,932,658)	-	(136,209)	(2,777,027)	(1,825,383)
Other Non-Operating Revenues (Expenses)	11,460	35,305	15,725	3,234	991,746	35,511	18,909
Total Non-Operating Revenues (Expenses)	(831,975)	(1,034,081)	(1,916,933)	3,234	855,537	(2,741,516)	(1,806,474)
Special Item	-	-	-	-	-	-	-
Change in Net Position	250,471	317,185	416,480	(76,102)	1,011,235	1,124,019	412,027
Net Position							
Beginning of Year	384,855	4,961,853	2,397,620	2,497,181	624,498	7,435,164	487,833
End of Year	\$ 635,326	\$ 5,279,038	\$ 2,814,100	\$ 2,421,079	\$ 1,635,733	\$ 8,559,183	\$ 899,860

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Fraternity Row Entity	Hardin Entity	Oconee Entity	PAC Entity	Rutherford Entity	Spring Entity	Total Blended Component Units	Real Estate Foundation	Total
\$ 80,000	\$ -	\$ 355,572	\$ 80,004	\$ 68,437	\$ 120	\$ 1,788,419	\$ 2,345,739	\$ 4,134,158
723,105	-	-	702,718	629,006	-	12,968,697	-	12,968,697
<u>803,105</u>	<u>-</u>	<u>355,572</u>	<u>782,722</u>	<u>697,443</u>	<u>120</u>	<u>14,757,116</u>	<u>2,345,739</u>	<u>17,102,855</u>
-	-	-	-	-	-	-	466,193	466,193
54,202	62,751	171,003	132,353	47,035	2,163	1,545,399	1,564,034	3,109,433
-	-	-	-	-	-	114,739	-	114,739
<u>54,202</u>	<u>62,751</u>	<u>171,003</u>	<u>132,353</u>	<u>47,035</u>	<u>2,163</u>	<u>1,660,138</u>	<u>2,030,227</u>	<u>3,690,365</u>
748,903	(62,751)	184,569	650,369	650,408	(2,043)	13,096,978	315,512	13,412,490
(534,400)	-	(185,180)	(846,803)	(446,323)	-	(10,596,804)	(16,713)	(10,613,517)
8,685	4	42	10,198	4,350	13	1,135,182	45,818	1,181,000
<u>(525,715)</u>	<u>4</u>	<u>(185,138)</u>	<u>(836,605)</u>	<u>(441,973)</u>	<u>13</u>	<u>(9,461,622)</u>	<u>29,105</u>	<u>(9,432,517)</u>
-	-	-	-	-	-	-	(632,044)	(632,044)
223,188	(62,747)	(569)	(186,236)	208,435	(2,030)	3,635,356	(287,427)	3,347,929
621,778	(1,320,771)	-	1,086,828	566,504	17,493	19,760,836	24,076,557	43,837,393
<u>\$ 844,966</u>	<u>\$(1,383,518)</u>	<u>\$ (569)</u>	<u>\$ 900,592</u>	<u>\$ 774,939</u>	<u>\$ 15,463</u>	<u>\$ 23,396,192</u>	<u>\$ 23,789,130</u>	<u>\$ 47,185,322</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 14—Condensed component unit information (continued)

The condensed component units' statements of cash flows for the year ended June 30, 2019, are shown below:

	Bolton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity
Cash Flows from Operating Activities	\$1,386,687	\$ 2,656,564	\$4,113,419	\$ 41,115	\$ (12,327)	\$ 5,948,138	\$ 3,262,617
Cash Flows from Investing Activities	28,324	88,987	38,134	7,080	2,937	81,646	47,281
Cash Flows from Capital and Related Financing Activities	<u>(1,259,093)</u>	<u>(2,299,063)</u>	<u>(3,950,202)</u>	<u>-</u>	<u>-</u>	<u>(5,458,199)</u>	<u>(3,091,969)</u>
Net Change in Cash and Cash Equivalents Cash and Cash Equivalents	155,918	446,488	201,351	48,195	(9,390)	571,585	217,929
Beginning of year	<u>1,206,963</u>	<u>3,707,626</u>	<u>1,693,816</u>	<u>378,306</u>	<u>1,635,733</u>	<u>11,058,321</u>	<u>1,868,499</u>
End of year	<u>\$1,362,881</u>	<u>\$ 4,154,114</u>	<u>\$1,895,167</u>	<u>\$ 426,501</u>	<u>\$ 1,626,343</u>	<u>\$ 11,629,906</u>	<u>\$ 2,086,428</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Fraternity Row Entity	Hardin Entity	Oconee Entity	PAC Entity	Rutherford Entity	Spring Entity	ATP Entity	Total Blended Component Units	Real Estate Foundation	Total
\$ 957,131	\$ (60,967)	\$ 255,695	\$1,065,458	\$ 1,234,158	\$ (1,464)	\$ -	\$ 20,846,224	\$ 134,603	\$ 20,980,827
21,808	7	110	23,524	11,955	26	6	351,825	(2,153)	349,672
(876,264)	60,995	(248,628)	(997,800)	(1,117,201)	-	13,935	(19,223,489)	(792,205)	(20,015,694)
102,675	35	7,177	91,182	128,912	(1,438)	13,941	1,974,560	(659,755)	1,314,805
964,465	2,361	34,944	969,173	902,977	15,463	-	24,438,647	4,141,437	28,580,084
<u>\$ 1,067,140</u>	<u>\$ 2,396</u>	<u>\$ 42,121</u>	<u>\$1,060,355</u>	<u>\$ 1,031,889</u>	<u>\$ 14,025</u>	<u>\$ 13,941</u>	<u>\$ 26,413,207</u>	<u>\$ 3,481,682</u>	<u>\$ 29,894,889</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 14—Condensed component unit information (continued)

The condensed component units' statements of cash flows for the year ended June 30, 2018, are shown below:

	Bolton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity
Cash Flows from Operating Activities	\$1,514,050	\$ 2,649,101	\$ 4,119,024	\$ 35,639	\$ 106,109	\$ 5,963,582	\$ 3,246,556
Cash Flows from Investing Activities	11,460	35,305	15,725	3,234	4,322	35,511	18,909
Cash Flows from Noncapital Financing Activities	-	-	-	-	-	-	-
Cash Flows from Capital and Related Financing Activities	(1,379,148)	(2,298,680)	(3,970,655)	-	(1,055)	(5,467,237)	(3,091,999)
Net Change in Cash and Cash Equivalents	146,362	385,726	164,094	38,873	109,376	531,856	173,466
Cash and Cash Equivalents Beginning of year	1,060,601	3,321,900	1,529,722	339,433	1,526,357	10,526,465	1,695,033
End of year	<u>\$1,206,963</u>	<u>\$ 3,707,626</u>	<u>\$ 1,693,816</u>	<u>\$ 378,306</u>	<u>\$ 1,635,733</u>	<u>\$ 11,058,321</u>	<u>\$ 1,868,499</u>

UGA REAL ESTATE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Fraternity Row Entity	Hardin Entity	Oconee Entity	PAC Entity	Rutherford Entity	Spring Entity	Total Blended Component Units	Real Estate Foundation	Total
\$ 974,992	\$ (62,751)	\$ 190,452	\$1,040,832	\$ 1,223,620	\$ (2,043)	\$ 20,999,163	\$ 493,656	\$ 21,492,819
8,685	4	42	10,198	4,350	13	147,758	(5,800)	141,958
-	-	-	-	-	-	-	(632,044)	(632,044)
(876,999)	63,050	(185,180)	(1,001,473)	(1,118,199)	-	(19,327,575)	(79,763)	(19,407,338)
106,678	303	5,314	49,557	109,771	(2,030)	1,819,346	(223,951)	1,595,395
857,787	2,058	29,630	919,616	793,206	17,493	22,619,301	4,365,388	26,984,689
<u>\$ 964,465</u>	<u>\$ 2,361</u>	<u>\$ 34,944</u>	<u>\$ 969,173</u>	<u>\$ 902,977</u>	<u>\$ 15,463</u>	<u>\$ 24,438,647</u>	<u>\$ 4,141,437</u>	<u>\$ 28,580,084</u>