

**CLAYTON STATE UNIVERSITY  
FOUNDATION, INC.**

**COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2019 AND 2018**

**With Independent Auditor's Report Thereon**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clayton State University Foundation, Inc.

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

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

  
Morrow, Georgia  
August 28, 2019

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
 COMBINED STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2019 AND 2018

	2019	2018
<b>ASSETS</b>		
<b>ASSETS</b>		
Cash	\$ 2,700,729	\$ 2,843,703
Restricted cash for bond repayments	5,660,505	5,078,325
Short term investments	415,564	456,391
Investments held on behalf of related party	1,672,669	1,659,940
Bateman student loan	58,277	66,310
Pledges receivable	458,915	826,467
Prepaid conference expenses	9,843	10,226
Property and equipment, net	7,308,736	7,643,429
Investment in direct financing lease	54,654,110	56,435,768
Long-term investments	<u>8,991,525</u>	<u>8,600,551</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 81,930,873</u></b>	<b><u>\$ 83,621,110</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 124,876	\$ 169,853
Accrued expenses	9,333	16,567
Accrued interest	1,433,662	1,530,670
Due to related party	1,672,669	1,659,940
Notes payable	3,918,019	4,140,902
Bonds payable	<u>63,784,921</u>	<u>64,805,725</u>
<b>TOTAL LIABILITIES</b>	<b>70,943,480</b>	<b>72,323,657</b>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	<u>1,032,847</u>	<u>1,146,429</u>
Total net assets without donor restrictions	1,032,847	1,146,429
With donor restrictions		
Restricted by purpose or time	6,069,434	6,468,608
Restricted in perpetuity	<u>3,885,112</u>	<u>3,682,416</u>
Total net assets with donor restrictions	<u>9,954,546</u>	<u>10,151,024</u>
<b>TOTAL NET ASSETS</b>	<b><u>10,987,393</u></b>	<b><u>11,297,453</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 81,930,873</u></b>	<b><u>\$ 83,621,110</u></b>

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

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
 COMBINED STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenues, gains, and other support			
Dividends and interest revenue	\$ 3,056,010	\$ 181,289	\$ 3,237,299
Contributions	34,625	1,007,256	1,041,881
Rental revenue	795,161	-	795,161
Net realized gain on investments	-	585,203	585,203
In-kind revenue	77,854	-	77,854
Other revenue	77,082	-	77,082
Net unrealized loss on investments	<u>-</u>	<u>(418,943)</u>	<u>(418,943)</u>
Revenues, gains, and other support	4,040,732	1,354,805	5,395,537
Net assets released from restriction	<u>1,551,283</u>	<u>(1,551,283)</u>	<u>-</u>
Total revenues, gains, and other support	<u>5,592,015</u>	<u>(196,478)</u>	<u>5,395,537</u>
Expenses			
Program service			
Interest expense	2,892,893	-	2,892,893
Scholarships	825,061	-	825,061
Depreciation	334,693	-	334,693
Grants and honorariums	162,874	-	162,874
Travel and meetings	120,374	-	120,374
In-kind expenses	77,854	-	77,854
Student honors and recognition	49,283	-	49,283
Other	45,657	-	45,657
Insurance	12,967	-	12,967
Advancement	2,477	-	2,477
Total program service	<u>4,524,133</u>	<u>-</u>	<u>4,524,133</u>
Supporting services			
Supplies and services	869,223	-	869,223
Professional services	190,198	-	190,198
Events	122,043	-	122,043
Total supporting services	<u>1,181,464</u>	<u>-</u>	<u>1,181,464</u>
Total expenses	<u>5,705,597</u>	<u>-</u>	<u>5,705,597</u>
Total change in net assets	(113,582)	(196,478)	(310,060)
Net assets at beginning of year	<u>1,146,429</u>	<u>10,151,024</u>	<u>11,297,453</u>
Net assets at end of year	<u>\$ 1,032,847</u>	<u>\$ 9,954,546</u>	<u>\$10,987,393</u>

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

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
 COMBINED STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2018

	Without Donor Restriction	With Donor Restriction	Total
Revenues, gains, and other support			
Dividends and interest revenue	\$ 2,940,794	\$ 157,386	\$ 3,098,180
Contributions	495,370	1,977,168	2,472,538
Rental revenue	753,713	-	753,713
Net realized gain on investments	-	299,767	299,767
In-kind revenue	2,009,946	-	2,009,946
Other revenue	84,190	-	84,190
Net unrealized gain on investments	-	<u>86,412</u>	<u>86,412</u>
Revenues, gains, and other support	<u>6,284,013</u>	<u>2,520,733</u>	<u>8,804,746</u>
Net assets released from restriction	<u>1,123,838</u>	<u>(1,123,838)</u>	<u>-</u>
Total revenues, gains, and other support	<u>7,407,851</u>	<u>1,396,895</u>	<u>8,804,746</u>
Expenses			
Program service			
Interest expense	3,222,826	-	3,222,826
Scholarships	668,431	-	668,431
Depreciation	233,529	-	233,529
Grants and honorariums	59,800	-	59,800
Travel and meetings	454,479	-	454,479
In-kind expenses	754,946	-	754,946
Student honors and recognition	30,304	-	30,304
Other	99,128	-	99,128
Insurance	82,250	-	82,250
Advancement	3,076	-	3,076
Eminent scholar	<u>19,000</u>	<u>-</u>	<u>19,000</u>
Total program service	<u>5,627,769</u>	<u>-</u>	<u>5,627,769</u>
Supporting services			
Supplies and services	670,347	-	670,347
Professional services	170,014	-	170,014
Events	<u>85,154</u>	<u>-</u>	<u>85,154</u>
Total supporting services	<u>925,515</u>	<u>-</u>	<u>925,515</u>
Total expenses	<u>6,553,284</u>	<u>-</u>	<u>6,553,284</u>
Total change in net assets	854,567	1,396,895	2,251,462
Net assets at beginning of year	<u>291,862</u>	<u>8,754,129</u>	<u>9,045,991</u>
Net assets at end of year	<u>\$ 1,146,429</u>	<u>\$ 10,151,024</u>	<u>\$ 11,297,453</u>

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

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
 COMBINED STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (310,060)	\$ 2,251,462
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Unrealized loss (gain) on investments	418,943	(86,412)
Realized gain on sale of investments	(585,203)	(299,767)
Amortization of debt issuance costs and bond premium/discount	(14,903)	(87,367)
In-kind donations	(77,854)	(2,009,946)
Non-cash expense related to in-kind donations	77,854	754,946
Depreciation	334,693	233,529
Changes in operating assets and liabilities		
Decrease (Increase) in pledges receivable	367,552	(306,821)
Decrease in accounts receivable	-	177,103
Decrease (Increase) in Bateman student loan	8,033	(11,289)
Decrease in prepaid expenses	383	24,896
Decrease in investment in direct financing lease	1,781,658	1,750,630
(Decrease) Increase in accounts payable	(44,977)	27,985
(Decrease) Increase in accrued expenses	(7,234)	12,567
Decrease in accrued interest	<u>(97,008)</u>	<u>(82,861)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,851,877	2,348,655
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	144,395	153,715
Purchases of investments	(328,282)	(211,693)
Purchase of fixed assets	<u>-</u>	<u>(616,400)</u>
NET CASH USED IN INVESTING ACTIVITIES	(183,887)	(674,378)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bonds, net	-	39,363,455
Principal payments on bonds and note payable	<u>(1,228,784)</u>	<u>(40,936,072)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(1,228,784)</u>	<u>(1,572,617)</u>
NET CHANGE IN CASH	439,206	101,660
CASH BEGINNING OF YEARS	<u>7,922,028</u>	<u>7,820,368</u>
CASH AT END OF YEARS	<u>\$ 8,361,234</u>	<u>\$ 7,922,028</u>
SUPPLEMENTARY DISCLOSURE:		
Cash paid for interest	<u>\$ 3,004,803</u>	<u>\$ 3,254,789</u>

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

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

**1. ORGANIZATION**

Clayton State University Foundation, Inc. (the “Foundation”) was incorporated under the laws of the State of Georgia on September 24, 1974, for the purpose of providing scholarships and other assistance for the advancement of students, staff and Clayton State University.

The Foundation is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Resources for the Foundation’s activities are primarily provided by contributions and investment income.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Basis of accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

The Foundation classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of the Foundation’s management and the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Generally, the donors of these assets permit the Foundation to use all of the revenue earned on the related investments for general or specific purposes. Donor-imposed restrictions are released when restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When a restriction expires, net assets are



CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**Basis of accounting (continued)**

reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are reported.

**Cash and cash equivalents**

For purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three month or less to be cash equivalents. For the years ended June 30, 2019 and 2018, the Foundation had no cash equivalents.

**Use of estimates**

Management of the Foundation makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

**New accounting pronouncement**

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Income taxes**

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC") whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC is subject to federal income tax. The Foundation is also a nonprivate foundation under 509(a)(1) of the IRC. The Foundation had no income from unrelated activities and has no income taxes due as of June 30, 2019.

The Foundation's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes the Foundation has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. The Foundation would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. The Foundation is no longer subject to examination by federal, state or local tax authorities for periods before 2016.



CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Functional allocation of expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Those expenses including office expenses, professional fees, professional development, postage, printing, insurance and depreciation, which are allocated on the basis of estimates of time and effort.

**Reclassifications**

Certain reclassifications have been made to the prior year's financial statements to conform them to the current year's presentation.

**Subsequent events**

Subsequent events have been evaluated through August 28, 2019, which is the date the financial statements were available to be issued.

**3. PLEDGES RECEIVABLE**

Unconditional promises to give at June 30, 2019 and 2018 are as follows:

Expected to be collected in:	2019	2018
Less than one year	\$ 317,068	\$ 503,361
More than one year	<u>141,847</u>	<u>323,106</u>
Total	<u>\$ 458,915</u>	<u>\$ 826,467</u>

Management believes that all receivables are collectible, therefore an allowance has not been calculated. At June 30, 2019 and 2018 the discount on the long-term pledges receivable was \$6,486 and \$14,561, respectively.

**4. PROPERTY AND EQUIPMENT**

Property and Equipment at June 30, 2019 and 2018 consisted of the following:

	2019	2018
Improvements	\$ 8,266,173	\$ 8,266,173
Accumulated depreciation	<u>(957,437)</u>	<u>(622,744)</u>
Property and equipment, net	<u>\$ 7,308,736</u>	<u>\$ 7,643,429</u>

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**5. INVESTMENTS**

Investments at June 30, 2019 are recorded at fair value and are comprised of the following:

	Cost	Fair Value
Short-term investments:		
Board of Regents pooled investment funds	\$ 263,150	\$ 415,564
Long-term investments:		
Board of Regents pooled investment funds	6,591,000	7,412,025
Long-term investments:		
Real estate	<u>1,579,500</u>	<u>1,579,500</u>
	<u>\$ 8,433,650</u>	<u>\$ 9,407,089</u>

Investments at June 30, 2018 are recorded at fair value and are comprised of the following:

	Cost	Fair Value
Short-term investments:		
Board of Regents pooled investment funds	\$ 342,864	\$ 456,391
Long-term investments:		
Board of Regents pooled investment funds	5,779,237	7,021,051
Long-term investments:		
Real estate	<u>1,579,500</u>	<u>1,579,500</u>
	<u>\$ 7,701,601</u>	<u>\$ 9,056,942</u>

Investment fees for the years ended June 30, 2019 and 2018 totaled \$10,589 and \$11,106, respectively, and are netted with the unrealized gains in the accompanying Statements of Activities.

**6. FAIR VALUE MEASUREMENTS**

The Foundation has adopted the provisions of Accounting Standards Codifications 820 (“ASC 820”), Fair Value Measurements, for financial assets and liabilities. Under ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**6. FAIR VALUE MEASUREMENTS - Continued**

Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

The following table summarized the Foundation's financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of June 30, 2019:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Board of Regents Pooled Investment Funds				
Diversified fund	\$ 6,575,934	\$ 6,575,934	\$ -	\$ -
Balanced income	836,091	836,091	-	-
Short term	415,564	415,564	-	-
Commercial real estate	<u>1,579,500</u>	<u>-</u>	<u>1,579,500</u>	<u>-</u>
	<u>\$ 9,407,089</u>	<u>\$ 7,827,589</u>	<u>\$ 1,579,500</u>	<u>\$ -</u>

A portion of the commercial real estate's value is based on the appraisal that was conducted as of June 30, 2012. The balance consists of real estate donated to the Foundation as of June 30, 2019.

The following table summarized the Foundation's financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of June 30, 2018:

	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Board of Regents Pooled Investment Funds				
Diversified fund	\$ 6,219,649	\$ 6,219,649	\$ -	\$ -
Balanced income	801,402	801,402	-	-
Short term	456,391	456,391	-	-
Commercial real estate	<u>1,579,500</u>	<u>-</u>	<u>1,579,500</u>	<u>-</u>
	<u>\$ 9,056,942</u>	<u>\$ 7,477,442</u>	<u>\$ 1,579,500</u>	<u>\$ -</u>

The commercial real estate's value is based on appraisals of the donated property..

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**7. NET ASSETS**

Net assets with donor restrictions were available for the following purposes at June 30, 2019 and 2018:

	2019	2018
Subject to expenditures for specific purpose:		
Scholarships	\$ 3,403,330	\$ 3,838,780
Various other	2,166,104	2,129,828
Salary supplements	<u>500,000</u>	<u>500,000</u>
	6,069,434	6,468,608
Subject to restriction in perpetuity:		
Corpus	<u>3,885,112</u>	<u>3,682,416</u>
Total net assets with donor restrictions	<u>\$ 9,954,546</u>	<u>\$ 10,151,024</u>

Net assets subject to restriction in perpetuity include \$530,238 for the Charles S Conklin II trust for the years ended June 30, 2019 and 2018.

Net assets with donor restrictions released from restrictions were as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Various other	\$ 1,234,574	\$ 932,073
Scholarships	<u>316,709</u>	<u>191,765</u>
Total released from restrictions	<u>\$ 1,551,283</u>	<u>\$ 1,123,838</u>

**8. RELATED PARTY TRANSACTIONS**

The Foundation is the single member of CSU Foundation Real Estate I, LLC (“CSUFRE1”). CSUFRE1 constructed a student housing and a student activity center at Clayton State University.

The Foundation is the single member of CSU Foundation Real Estate II, LLC (“CSUFRE2”). CSUFRE2 purchased student housing for use by Clayton State University.

The Foundation is the single member of CSU Foundation Real Estate III, LLC (“CSUFRE3”). CSUFRE3 is financing repairs to student housing in CSUFRE2

Clayton State University provides free of charge the personnel to administer the Foundation and the facility to house the Foundation’s records. The value of these contributed services and goods are not readily determinable and therefore have not been recorded in the financial statements.

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**8. RELATED PARTY TRANSACTIONS – Continued**

During the current year, Clayton State University entrusted the Foundation with investments for the University’s benefit. These investments are not property of the Foundation, but are only being managed by the Foundation. The balance of these investments as of June 30, 2019 is \$1,672,669.

**9. BONDS PAYABLE**

**Series 2017 Refunding Revenue Bonds**

During the year ended June 30, 2018, the Foundation refunded the Series 2007 Revenue Bonds with the issue of the Series 2017 Refunding Revenue Bonds.

On January 1, 2018, the Foundation through its subsidiary CSUFRE1 issued Series 2017 refunding revenue bonds in the face value amount of \$36,735,000. The proceeds of the Series 2017 Bonds were applied to (a) refund all or a portion of the outstanding Development Authority of Clayton County Student Housing and Activity Center Revenue Bonds, Series 2007; and (b) pay certain costs of issuing the Series 2017 Bonds.

CSUFRE1 has entered into ground leases for the student activities center and the student housing with Clayton State University (“CSU”). CSUFRE1 shall cause CSU to pay Rents under the Rental Agreement as follows: CSU shall pay the amount needed for Debt Service (less any amounts available in the Capitalized Interest Account, the Bond Fund or the Debt Service Reserve Fund to pay Debt Service) directly to the Trustee for deposit in the Bond Fund. CSUFRE1 shall cause CSU to pay the amount needed for the Replacement Requirement directly to the Trustee for deposit in the Replacement Fund. CSUFRE1 shall cause CSU to pay the remainder of the Rents to CSUFRE1, and CSUFRE1 shall use such moneys to pay (i) the fees and expenses of the Foundation, (ii) the Board of Regents’ fee, (iii) the Trustee’s fee, (iv) fees of the Rating Agencies and (v) any other amounts owed by CSUFRE1 with respect to the Project.

Annual maturities for the bonds are set forth below:

<u>Year ending</u>	<u>Future Debt Service Required</u>	
	<u>Principal</u>	<u>Interest</u>
June 30		
2020	\$ 1,000,000	\$ 1,480,894
2021	1,100,000	1,440,894
2022	1,205,000	1,396,894
2023	1,315,000	1,348,694
2024	1,365,000	1,296,094
thereafter	<u>30,315,000</u>	<u>10,395,363</u>
	36,300,000	17,358,833
Bond premium	2,915,755	-
Issuance costs	<u>(1,853,694)</u>	-
Total	<u>\$ 37,362,061</u>	<u>\$ 17,358,833</u>

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

9. BONDS PAYABLE – Continued

**Series 2017 Refunding Revenue Bonds (continued)**

Interest is payable semi-annually on January 1<sup>st</sup> and July 1<sup>st</sup> of each year. The bonds have interest rates that vary with their principal maturity. All bonds are callable by *CSUFRE1* without penalty prior to their scheduled maturity date under certain conditions. Management believes that it has complied with all bond covenants as of June 30, 2019 and 2018.

**Series 2011 Revenue Bonds**

On June 29, 2011, the Foundation through its subsidiary CSUFRE2 issued Series 2011 revenue bonds in the face value amount of \$28,925,000. The proceeds of the Series 2011 Bonds will be applied to (a) finance or reimburse in whole or in part the cost of the acquisition, improvement and installation of certain land, buildings, structures, equipment and related real and personal property to be used as student housing facilities known as “Clayton Station Apartments” containing 221 units with approximately 854 beds and related site amenities, including surface parking (the “Acquired Project”), located adjacent to the campus of Clayton State University (“CSU”), a unit of the University System of Georgia; (b) fund capitalized interest on the Series 2011 Bonds; (c) fund a debt service reserve fund; and (d) pay costs of issuance of the Series 2011 Bonds.

CSUFRE2 has entered into a ground lease for the student housing with the Board of Regents of the University System of Georgia (“Board of Regents”). CSUFRE2 shall cause the Board of Regents to pay Rents under the Rental Agreement. CSUFRE2 shall use the Rents as follows: (1) CSUFRE2 shall pay the amount needed for the semiannual Debt Service Requirement in accordance with the rent schedule directly to the Trustee for deposit in the Bond Fund and (2) CSUFRE2 shall pay the amount needed for the semiannual Replacement Requirement in accordance with the rent schedule directly to the Trustee for deposit in the Replacement Fund. The CSUFRE2 shall use the remainder of the Rents to pay (i) the fees of the Foundation, (ii) the Board of Regents’ fee, (iii) the Trustee’s fee, (iv) fees of the Rating Agencies and (v) any other amounts owed by CSUFRE2 with respect to the Project.

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**9. BONDS PAYABLE – Continued**

**Series 2011 Revenue Bonds (continued)**

Annual maturities for the bonds are set forth below:

<u>Year ending</u>	<u>Future Debt Service Required</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 625,000	\$ 1,272,694
2021	690,000	1,252,381
2022	715,000	1,228,469
2023	740,000	1,203,444
2024	765,000	1,175,694
thereafter	<u>23,580,000</u>	<u>13,319,224</u>
	27,115,000	19,451,906
Bond discount	(312,420)	-
Issuance costs	<u>(379,720)</u>	-
Total	<u>\$ 26,422,860</u>	<u>\$ 19,451,906</u>

Interest is payable semi-annually on December 20<sup>th</sup> and June 20<sup>th</sup> of each year. The bonds have interest rates that vary with their principal maturity. All bonds are callable by the CSUFRE2 without penalty prior to their scheduled maturity date under certain conditions. Management believes that it has complied with all bond covenants as of June 30, 2019 and 2018.

**10. NOTES PAYABLE**

In April, 2016, CSUFRE3 entered into a note payable with SunTrust Bank in the amount of \$4,500,000 for repairs to student housing in CSUFRE2. The interest rate on the loan is at a fixed rate of 5.63%. Quarterly payments will be made through March 31, 2026, at which time a balloon payment of the outstanding balance will be due.

Aggregate maturities of notes payable are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 246,621	\$ 220,218
2021	261,407	205,432
2022	276,438	190,401
2023	292,333	174,506
2024	308,710	158,129
Thereafter	<u>2,606,089</u>	<u>232,717</u>
	3,991,598	1,181,403
Issuance costs	<u>(73,579)</u>	-
Total	<u>\$ 3,918,019</u>	<u>\$ 1,181,403</u>



CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

11. LEASING ARRANGEMENTS

Series 2017 Student Housing

In connection with the Series 2007 Bonds, the Foundation entered into a leasing arrangement, which was amended with the issuance of the Series 2017 Refunding Revenue Bonds.

*Ground Lease*

The Foundation leases land on the CSU campus from the Board of Regents on which to construct new Student Housing under a lease dated August 15, 2007 for a nominal amount. The ground lease is for a construction term commencing upon execution of the lease and continuing until the first day of the month after issuance of a certificate of occupancy, followed by a primary term for a period of 30 years. The certificate of occupancy was issued in August 2008 and the primary term commenced on September 1, 2008. Use of the land and building reverts back to the Board of Regents at the end of the lease term.

*Facility Rental*

The organization entered into a Rental Agreement with the Board of Regents on August 15, 2007, pursuant to which the Board of Regents agreed to lease the Student Housing from the Foundation. The initial term of the Rental Agreement commenced on the first day of the first month after the issuance of the certificate of occupancy and ended on June 30, 2009. The Board of Regents has the option to renew the Rental Agreement following the initial term on a year-to-year basis for thirty (30) consecutive years. In the event of such annual renewals; the Board of Regents will pay a fixed annual rent. The certificate of Occupancy was issued in August 2008 and the initial terms commenced on September 1, 2008. At June 30, 2019, the Board of Regents has exercised its renewal option for the period from July 1, 2018 through June 30, 2019.

The lease is included in the Foundation's balance sheet as an Investment in Direct Financing Lease based on the costs to construct the building. The balance of the minimum lease payments and the unearned income decrease by the straight-line method over the life of the lease. The components of the net investment in the direct financing lease as of June 30 are as follows:

Minimum lease payment receivable	\$ 29,638,817
Less unearned income	<u>(11,538,228)</u>
Net investment in direct financing lease	<u>\$ 18,100,589</u>

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

11. LEASING ARRANGEMENTS – Continued

**Series 2017 Student Activities Center**

In connection with the Series 2007 Bonds, the Foundation entered into a leasing arrangement, which was amended with the issuance of the Series 2017 Refunding Revenue Bonds.

*Ground Lease*

The Foundation leases land on the CSU campus from the Board of Regents on which to construct new Student Activities Center under a lease dated August 15, 2007 for a nominal amount. The ground lease is for a construction term commencing upon execution of the lease and continuing until the first day of the month after issuance of a certificate of occupancy, followed by a primary term for a period of 30 years. The certificate of occupancy was issued in August 2008 and the primary term commenced on September 1, 2008. Use of the land and building reverts back to the Board of Regents at the end of the lease term.

*Facility Rental*

The Foundation entered into a Rental Agreement with the Board of Regents on August 15, 2007, pursuant to which the Board of Regents agreed to lease the Student Activities Center from the Foundation. The initial term of the Rental Agreement commenced on the first day of the first month after the issuance of the certificate of occupancy and ended on June 30, 2009. The Board of Regents has the option to renew the Rental Agreement following the initial term on a year-to-year basis for thirty (30) consecutive years. In the event of such annual renewals; the Board of Regents will pay a fixed annual rent. The certificate of Occupancy was issued in August 2008 and the initial terms commenced on September 1, 2008. At June 30, 2019, the Board of Regents has exercised its renewal option for the period from July 1, 2018 through June 30, 2019.

The lease is included in the Foundation's balance sheet as an Investment in Direct Financing Lease based on the costs to construct the building. The balance of the minimum lease payments and the unearned income decrease by the straight-line method over the life of the lease. The components of the net investment in the direct financing lease as of June 30 are as follows:

Minimum lease payment receivable	\$ 28,773,066
Less unearned income	<u>(14,171,397)</u>
Net investment in direct financing lease	<u>\$ 14,601,669</u>

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

11. LEASING ARRANGEMENTS – Continued

**Series 2011 Student Housing**

In connection with the Series 2011 Bonds, the Foundation entered into the following leasing arrangements:

*Ground Lease*

The Foundation leases land on the CSU campus from the Board of Regents on which to operate and maintain student housing facilities containing approximately 854 beds and site amenities under a lease dated June 29, 2011 for a nominal amount. The ground lease is for a term commencing on June 29, 2011 and will end on June 30, 2042, a primary term for a period of 31 years. Use of the land and building reverts back to the Board of Regents at the end of the lease term.

*Facility Rental*

The Foundation entered into a Rental Agreement with the Board of Regents on June 29, 2011 pursuant to which the Board of Regents agreed to lease student housing facilities containing approximately 854 beds and site amenities from the Foundation. The initial term of the Rental Agreement commenced at 12:00 o'clock A.M., on June 29, 2011 and ended on June 30, 2011. The Board of Regents has the option to renew the Rental Agreement following the initial term on a year-to-year basis for thirty one (31) consecutive years. In the event of such annual renewals; the Board of Regents will pay a fixed annual rent. At June 30, 2019, the Board of Regents has exercised its renewal option for the period from July 1, 2018 through June 30, 2019.

The lease is included in the Foundation's balance sheet as an Investment in Direct Financing Lease based on the costs to purchase the building. The balance of the minimum lease payments and the unearned income decrease by the straight-line method over the life of the lease. The components of the net investment in the direct financing lease as of June 30 are as follows:

Minimum lease payment receivable	\$ 50,212,540
Less unearned income	<u>(31,919,610)</u>
Net investment in direct financing lease	<u>\$ 18,292,930</u>

During the current year there were no improvements made to this facility. The improvements were not completed during the current year, but will be amortized over the remaining life of the agreement once complete.

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**11. LEASING ARRANGEMENTS – Continued**

**Note Payable Student Housing Renovations**

In connection with the note payable, the Foundation entered into the following leasing arrangements:

*Ground Lease*

The Foundation leases from the Board of Regents the project for Premises Improvements for the buildings Arbor Hall and Woodlands Hall. The ground lease is for a term commencing on April 8, 2016 and will end on June 30, 2026, a primary term for a period of 10 years. All title to the project reverts back to the Board of Regents at the end of the lease term.

*Facility Rental*

The Foundation entered into a Rental Agreement with the Board of Regents on April 8, 2016 pursuant to which the Board of Regents agreed to lease the Premises Improvements project from the Foundation. The initial term of the Rental Agreement commenced at 12:00 o'clock A.M., on May 1, 2016 and ended at 11:59 o'clock P.M. on June 30, 2016. The Board of Regents has the option to renew the Rental Agreement following the initial term on a year-to-year basis for fifteen (15) consecutive years. In the event of such annual renewals; the Board of Regents will pay a fixed annual rent. At June 30, 2019, the Board of Regents has exercised its renewal option for the period from July 1, 2018 through June 30, 2019.

The lease is included in the Foundation's balance sheet as an Investment in Direct Financing Lease based on the costs to purchase the building. The balance of the minimum lease payments and the unearned income decrease by the straight-line method over the life of the lease. The components of the net investment in the direct financing lease as of June 30 are as follows:

Minimum lease payment receivable	\$ 5,661,940
Less unearned income	<u>(2,003,018)</u>
Net investment in direct financing lease	<u>\$ 3,658,922</u>

**12. ENDOWMENT FUNDS**

The Foundation has several endowment funds that have been setup with donor-imposed restriction and all are considered restricted in perpetuity. These funds are invested into various asset classes to achieve the objectives of the funds. The funds are invested into the following asset types:

- A. The portfolio's equity allocation shall typically range between 40%-75%, with a target of 65%, and have the following characteristics:

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**12. ENDOWMENT FUNDS - Continued**

1. Broadly diversified among large, mid and small cap domestic, international, emerging market, and REIT equities;
  2. Exposure to both growth and value equity styles.
- B. The portfolio's fixed income allocation shall typically range between 10%-40%, with a target of 20%, and have the following characteristics:
1. Allowable investments include investment grade domestic, high yield, dollar and non-dollar denominated global debt instruments;
  2. The portfolio will be well diversified as to issuer and maturity;
  3. No more than 10% of the portfolio will be held explicitly in non-investment grade bonds rated BB or lower;
  4. Maturities should generally be intermediate to longer term but may periodically emphasize shorter or longer maturities depending on yield curve differentials;
  5. The maximum duration of any individual issue shall not exceed thirty years at the time of purchase;
  6. The average duration of the portfolio shall not exceed ten years.
- C. The portfolio's alternative allocation shall typically range between 0%-35%, with a target of 15%. The following alternative asset classes are permitted investments:
1. Hedge Funds – the Foundation's investment approach to this asset class is to use multi-strategy, multi-manager fund of hedge funds, which will provide the best access to a highly diversified pool of hedge fund strategies and managers.
  2. Commodities – the return characteristics of this asset class are largely uncorrelated with stock and bond returns. Therefore, adding broad commodity exposure can improve diversification, lower the portfolio's risk profile and potentially boost return. Achieving this diversification has been made easier with the development of registered mutual funds that passively track a broad range of commodities. No more than 25% of this allocation will come from any one commodity category.

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**12. ENDOWMENT FUNDS – Continued**

D. Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund:

1. Cash reserves should be invested at all times in appropriate overnight investment vehicles;
2. Overnight investments shall be limited to high quality institutional money market mutual funds rated A1, P1, or other high quality short term debt instruments rated at least AA+.

The following is a reconciliation of the endowment funds for years ended June 30, 2019 and 2018:

Balance as of June 30, 2017	\$	3,538,410
2018 Contributions		<u>144,006</u>
Balance as of June 30, 2018		3,682,416
2019 Contributions		<u>202,696</u>
Balance as of June 30, 2019	\$	<u><u>3,885,112</u></u>

**13. AVAILABILITY AND LIQUIDITY**

The following represents the Foundation’s financial assets at June 30, 2019 and 2018, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, perpetual endowments and accumulated earnings net of appropriations within one year or because the governing board has set aside the funds for specific contingency reserves and projects or a long-term investment as board designated endowments.

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 2,700,729	\$ 2,843,703
Restricted cash	5,660,505	5,078,325
Short term investments	415,564	456,391
Pledges receivable	<u>458,915</u>	<u>826,467</u>
Financial assets, at year-end	<u>9,235,713</u>	<u>9,204,886</u>

CLAYTON STATE UNIVERSITY FOUNDATION, INC.  
NOTES TO THE FINANCIAL STATEMENTS

**13. AVAILABILITY AND LIQUIDITY - Continued**

Less amounts unavailable to be used within one year:		
Restricted cash	(5,660,505)	(5,078,325)
Net assets with time restrictions	<u>(141,847)</u>	<u>(323,106)</u>
Amounts unavailable to be used within one year	<u>(5,802,352)</u>	<u>(5,401,431)</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 3,433,361</u>	<u>\$ 3,803,455</u>



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
Clayton State University Foundation, Inc.

Our report on our audit of the financial statements of Clayton State University Foundation, Inc. for the years ended June 30, 2019 and 2018 appears on page 1. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the financial statements taken as a whole. The Combining Schedules of Financial Position and the Combining Schedules of Activities are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements as a whole.



Morrow, Georgia  
August 28, 2019

Clayton State University Foundation, Inc.  
Combining Schedule of Financial Position  
June 30, 2019

	Foundation	Real Estate I	Real Estate II	Real Estate III	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,007,091	\$ 211,512	\$ 330,407	\$ 151,719	\$ 2,700,729
Restricted cash	-	2,973,870	2,686,635	-	5,660,505
Short-term investments	415,564	-	-	-	415,564
Investments held on behalf of related party	1,672,669	-	-	-	1,672,669
Bateman student loan	58,277	-	-	-	58,277
Pledges receivable	458,915	-	-	-	458,915
Prepaid expenses	2,502	-	-	7,341	9,843
Property and equipment, net	-	-	7,308,736	-	7,308,736
Investment in direct financing lease	-	32,702,258	18,292,930	3,658,922	54,654,110
Long-term investments	8,991,525	-	-	-	8,991,525
<b>TOTAL ASSETS</b>	<b>\$ 13,606,543</b>	<b>\$ 35,887,640</b>	<b>\$ 28,618,708</b>	<b>\$ 3,817,982</b>	<b>\$ 81,930,873</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 65,034	-	-	\$ 59,842	\$ 124,876
Accrued expenses	9,333	-	-	-	9,333
Accrued interest	-	740,447	636,347	56,868	1,433,662
Due to related party	1,672,669	-	-	-	1,672,669
Notes payable	-	-	-	3,918,019	3,918,019
Bonds payable	-	37,362,061	26,422,860	-	63,784,921
<b>TOTAL LIABILITIES</b>	<b>1,747,036</b>	<b>38,102,508</b>	<b>27,059,207</b>	<b>4,034,729</b>	<b>70,943,480</b>
<b>NET ASSETS (DEFICIT)</b>					
<b>Without donor restrictions</b>					
Undesignated	1,904,961	(2,214,868)	1,559,501	(216,747)	1,032,847
<b>Total net assets without donor restrictions</b>	<b>1,904,961</b>	<b>(2,214,868)</b>	<b>1,559,501</b>	<b>(216,747)</b>	<b>1,032,847</b>
<b>With donor restrictions</b>					
Restricted by purpose or time	6,069,434	-	-	-	6,069,434
Restricted in perpetuity	3,885,112	-	-	-	3,885,112
<b>Total net assets with donor restrictions</b>	<b>9,954,546</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,954,546</b>
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>11,859,507</b>	<b>(2,214,868)</b>	<b>1,559,501</b>	<b>(216,747)</b>	<b>10,987,393</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 13,606,543</b>	<b>\$ 35,887,640</b>	<b>\$ 28,618,708</b>	<b>\$ 3,817,982</b>	<b>\$ 81,930,873</b>

*See auditor's report on supplementary information*

Clayton State University Foundation, Inc.  
Combining Schedule of Financial Position  
June 30, 2018

	Foundation	Real Estate I	Real Estate II	Real Estate III	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,197,687	\$ 153,445	\$ 339,729	\$ 152,842	\$ 2,843,703
Restricted cash	-	2,496,154	2,582,171	-	5,078,325
Short-term investments	456,391	-	-	-	456,391
Investments held on behalf of related party	1,659,940	-	-	-	1,659,940
Bateman student loan	66,310	-	-	-	66,310
Pledges receivable	826,467	-	-	-	826,467
Prepaid expenses	2,502	-	-	7,724	10,226
Property and equipment, net	-	-	7,643,429	-	7,643,429
Investment in direct financing lease	-	33,538,141	18,927,336	3,970,291	56,435,768
Long-term investments	8,600,551	-	-	-	8,600,551
<b>TOTAL ASSETS</b>	<b>\$ 13,809,848</b>	<b>\$ 36,187,740</b>	<b>\$ 29,492,665</b>	<b>\$ 4,130,857</b>	<b>\$ 83,621,110</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 68,720	\$ -	\$ 44,527	\$ 56,606	\$ 169,853
Accrued expenses	16,567	-	-	-	16,567
Accrued interest	-	825,819	644,747	60,104	1,530,670
Due to related party	1,659,940	-	-	-	1,659,940
Notes payable	-	-	-	4,140,902	4,140,902
Bonds payable	-	37,852,959	26,952,766	-	64,805,725
<b>TOTAL LIABILITIES</b>	<b>1,745,227</b>	<b>38,678,778</b>	<b>27,642,040</b>	<b>4,257,612</b>	<b>72,323,657</b>
<b>NET ASSETS (DEFICIT)</b>					
<b>Without donor restrictions</b>					
Undesignated	1,913,597	(2,491,038)	1,850,625	(126,755)	1,146,429
Total net assets without donor restrictions	1,913,597	(2,491,038)	1,850,625	(126,755)	1,146,429
<b>With donor restrictions</b>					
Restricted by purpose or time	6,468,608	-	-	-	6,468,608
Restricted in perpetuity	3,682,416	-	-	-	3,682,416
Total net assets with donor restrictions	10,151,024	-	-	-	10,151,024
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>12,064,621</b>	<b>(2,491,038)</b>	<b>1,850,625</b>	<b>(126,755)</b>	<b>11,297,453</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 13,809,848</b>	<b>\$ 36,187,740</b>	<b>\$ 29,492,665</b>	<b>\$ 4,130,857</b>	<b>\$ 83,621,110</b>

*See auditor's report on supplementary information*

Clayton State University Foundation, Inc.  
Combining Schedule of Activities  
June 30, 2019

	Foundation	Real Estate I	Real Estate II	Real Estate III	Total
Change in net assets without donor restrictions					
Revenues, gains, and other support					
Interest revenue	\$ 54,965	\$ 1,800,658	\$ 1,029,917	\$ 170,470	\$ 3,056,010
Rental revenue	-	216,767	568,394	10,000	795,161
In-kind revenue	77,854	-	-	-	77,854
Other revenue	43,082	34,000	-	-	77,082
Contributions	34,625	-	-	-	34,625
Net assets released from restriction	1,551,283	-	-	-	1,551,283
<b>Total revenues, gains, and other supports</b>	<b>1,761,809</b>	<b>2,051,425</b>	<b>1,598,311</b>	<b>180,470</b>	<b>5,592,015</b>
Expenses					
Program service					
Interest expense	-	1,346,149	1,302,788	243,956	2,892,893
Scholarships	825,061	-	-	-	825,061
Depreciation	-	-	334,693	-	334,693
Grants and honorariums	162,874	-	-	-	162,874
Travel and meetings	120,374	-	-	-	120,374
In-kind expenses	77,854	-	-	-	77,854
Student honors and recognition	49,283	-	-	-	49,283
Other	45,657	-	-	-	45,657
Insurance	-	-	-	12,967	12,967
Advancement	2,477	-	-	-	2,477
<b>Total program service</b>	<b>1,283,580</b>	<b>1,346,149</b>	<b>1,637,481</b>	<b>256,923</b>	<b>4,524,133</b>
Supporting services					
Supplies and services	338,624	347,106	169,954	13,539	869,223
Professional services	190,198	-	-	-	190,198
Events	122,043	-	-	-	122,043
<b>Total supporting services</b>	<b>650,865</b>	<b>347,106</b>	<b>169,954</b>	<b>13,539</b>	<b>1,181,464</b>
<b>Total expenses</b>	<b>1,934,445</b>	<b>1,693,255</b>	<b>1,807,435</b>	<b>270,462</b>	<b>5,705,597</b>
Change in net assets without donor restrictions before transfers	(172,636)	358,170	(209,124)	(89,992)	(113,582)
Transfers	164,000	(82,000)	(82,000)	-	-
<b>Total change in net assets without donor restrictions</b>	<b>(8,636)</b>	<b>276,170</b>	<b>(291,124)</b>	<b>(89,992)</b>	<b>(113,582)</b>
Changes in net assets with donor restrictions					
Contributions	1,007,256	-	-	-	1,007,256
Net realized gain on investments	585,203	-	-	-	585,203
Dividends and interest income	181,289	-	-	-	181,289
Net unrealized loss on investments	(418,943)	-	-	-	(418,943)
Net assets released from restriction	(1,551,283)	-	-	-	(1,551,283)
Change in net assets with donor restrictions	(196,478)	-	-	-	(196,478)
<b>Total change in net assets</b>	<b>(205,114)</b>	<b>276,170</b>	<b>(291,124)</b>	<b>(89,992)</b>	<b>(310,060)</b>
Net assets at the beginning of the year	12,064,621	(2,491,038)	1,850,625	(126,755)	11,297,453
<b>Net assets at the end of the year</b>	<b>\$ 11,859,507</b>	<b>\$ (2,214,868)</b>	<b>\$ 1,559,501</b>	<b>\$ (216,747)</b>	<b>\$ 10,987,393</b>

See auditor's report on supplementary information

Clayton State University Foundation, Inc.  
Combining Schedule of Activities  
June 30, 2018

	Foundation	Real Estate I	Real Estate II	Real Estate III	Total
Change in net assets without donor restrictions					
Revenues, gains, and other support					
Interest revenue	\$ 70,276	\$ 1,682,713	\$ 1,017,291	\$ 170,514	\$ 2,940,794
Rental revenue	-	196,129	544,344	13,240	753,713
In-kind revenue	2,009,946	-	-	-	2,009,946
Other revenue	51,295	32,895	-	-	84,190
Contributions	495,370	-	-	-	495,370
Net assets released from restriction	1,123,838	-	-	-	1,123,838
Total revenues, gains, and other supports	3,750,725	1,911,737	1,561,635	183,754	7,407,851
Expenses					
Program service					
Interest expense	-	1,646,572	1,319,586	256,668	3,222,826
Scholarships	668,431	-	-	-	668,431
Depreciation	-	-	233,529	-	233,529
Grants and honorariums	59,800	-	-	-	59,800
Travel and meetings	454,479	-	-	-	454,479
In-kind expenses	754,946	-	-	-	754,946
Student honors and recognition	30,304	-	-	-	30,304
Other	99,128	-	-	-	99,128
Insurance	-	69,412	-	12,838	82,250
Advancement	3,076	-	-	-	3,076
Eminent scholar	19,000	-	-	-	19,000
Total program service	2,089,164	1,715,984	1,553,115	269,506	5,627,769
Supporting services					
Supplies and services	382,084	266,379	21,785	99	670,347
Professional services	170,014	-	-	-	170,014
Events	85,154	-	-	-	85,154
Total supporting services	637,252	266,379	21,785	99	925,515
Total expenses	2,726,416	1,982,363	1,574,900	269,605	6,553,284
Change in net assets without donor restrictions before transfers	1,024,309	(70,626)	(13,265)	(85,851)	854,567
Transfers	364,200	(282,200)	(82,000)	-	-
Total change in net assets without donor restrictions	1,388,509	(352,826)	(95,265)	(85,851)	854,567
Changes in net assets with donor restrictions					
Contributions	1,977,168	-	-	-	1,977,168
Net realized gain on investments	299,767	-	-	-	299,767
Dividends and interest income	157,386	-	-	-	157,386
Net unrealized gain on investments	86,412	-	-	-	86,412
Net assets released from restriction	(1,123,838)	-	-	-	(1,123,838)
Change in net assets with donor restrictions	1,396,895	-	-	-	1,396,895
Total change in net assets	2,785,404	(352,826)	(95,265)	(85,851)	2,251,462
Net assets at the beginning of the year	9,279,217	(2,138,212)	1,945,890	(40,904)	9,045,991
Net assets at the end of the year	\$ 12,064,621	\$ (2,491,038)	\$ 1,850,625	\$ (126,755)	\$ 11,297,453

See auditor's report on supplementary information