

**GEORGIA SOUTHERN UNIVERSITY  
HOUSING FOUNDATION, INC. AND SUBSIDIARIES  
(A Nonprofit Organization)**

**FINANCIAL REPORT**

**JUNE 30, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Georgia Southern University  
Housing Foundation, Inc. and Subsidiaries

We have audited the accompanying financial statements of the Georgia Southern University Housing Foundation, Inc. and Subsidiaries (the Foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities 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 auditors' 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 opinions.

## Opinion

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

## Other Matters

Our audit was made for the purpose of forming an opinion on the financial statements of the Georgia Southern University Housing Foundation, Inc. and Subsidiaries as a whole. The accompanying information listed as supplementary data in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Foundation. 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 certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Reddick, Riggs and Hunter, P. C.*

Statesboro, Georgia  
September 4, 2019

**GEORGIA SOUTHERN UNIVERSITY**  
**HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Statements of Financial Position*  
*June 30, 2019 and 2018*

	<b>2019</b>	<b>2018</b>
<b><u>ASSETS</u></b>		
Cash	\$ 2,244,047	\$ 2,288,634
Restricted cash	33,037,849	31,879,724
Accrued interest receivable	32,438	32,000
Receivables		
Other	12,300	504
Investments	6,327,002	5,997,280
Prepaid expenses	14,555	73,197
Net investment in direct financing leases	213,117,609	221,965,117
Property, plant and equipment, net of accumulated depreciation	1,620,000	1,620,000
<b>Total Assets</b>	<b>\$ 256,405,800</b>	<b>\$ 263,856,456</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Liabilities</b>		
Accounts payable	\$ 9,518	\$ 6,904
Accrued interest payable	3,799,704	3,914,867
Other liabilities	10,558	10,558
Due to Georgia Southern University	2,409,564	2,596,400
Deferred repairs & maintenance	-	566,562
Deferred gains on capital leases	69,005	75,231
Bonds payable	217,275,686	226,075,508
Total liabilities	223,574,035	233,246,030
<b>Net Assets</b>		
Net assets without donor restrictions	32,831,765	30,610,426
Total net assets	32,831,765	30,610,426
<b>Total Liabilities and Net Assets</b>	<b>\$ 256,405,800</b>	<b>\$ 263,856,456</b>

The Notes to Financial Statements are an integral part of these statements.

**GEORGIA SOUTHERN UNIVERSITY**  
**HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Statements of Activities*  
For the Years Ended June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>		
Capital lease income		
Gain on capital leases	\$ 6,226	\$ 34,026
Lease interest	9,947,797	9,715,629
Replacement reserve income	1,717,824	1,619,796
Interest and dividends, net of investment expenses of \$8,757 and \$8,935, respectively	431,270	334,694
Realized gains (losses) on investments	320,240	154,223
Unrealized gains (losses) on investments	(133,091)	98,578
Rental income	960,069	529,449
Other revenues	2,901	5,601
Gain (loss) on lease modification	-	70,054
	<b>13,253,236</b>	<b>12,562,050</b>
<b>OPERATING EXPENSES</b>		
Dues and fees	59,586	60,443
Insurance	9,603	9,579
Interest expense		
Interest on bonds	9,213,690	8,961,978
Amortization of original issue discount	16,212	16,212
Accretion of original issue premium	(1,044,230)	(913,709)
Amortization of cost of issuance	213,196	197,813
Professional services	323,230	329,635
Rental expenses	700,150	343,951
Repair and replacement expenses	971,200	2,036,401
Other administrative expenses	7,964	4,161
Other expense	15,921	11,895
Gift / Transfer to Georgia Southern University	545,375	625,851
Impairment of long-lived asset	-	198,692
Gain (loss) on refunding of debt	-	1,105,699
	<b>11,031,897</b>	<b>12,988,601</b>
<b>CHANGE IN NET ASSETS BEFORE ACQUISITION INCOME</b>	<b>2,221,339</b>	<b>(426,551)</b>
<b>Contribution from Acquisition</b>	<b>-</b>	<b>5,760,575</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,221,339</b>	<b>5,334,024</b>
<b>NET ASSETS, beginning of year</b>	<b>30,610,426</b>	<b>25,276,402</b>
<b>NET ASSETS, end of year</b>	<b>\$ 32,831,765</b>	<b>\$ 30,610,426</b>

The Notes to Financial Statements are an integral part of these statements.

**GEORGIA SOUTHERN UNIVERSITY**  
**HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Statements of Functional Expenses*  
*For the Years Ended June 30, 2019 and 2018*

	<u>2019</u>			<u>2018</u>		
	<u>Program Activities</u>	<u>Support Activities</u>	<u>Total Expenses</u>	<u>Program Activities</u>	<u>Support Activities</u>	<u>Total Expenses</u>
	<u>Student Facilities</u>	<u>Management and General</u>		<u>Student Facilities</u>	<u>Management and General</u>	
Dues and fees	\$ 20,479	\$ 39,107	\$ 59,586	\$ 19,983	\$ 40,460	\$ 60,443
Insurance	-	9,603	9,603	-	9,579	9,579
Interest expense						
Interest on bonds	9,213,690	-	9,213,690	8,961,978	-	8,961,978
Amortization of original issue discount	16,212	-	16,212	16,212	-	16,212
Accretion of original issue premium	(1,044,230)	-	(1,044,230)	(913,709)	-	(913,709)
Amortization of cost of issuance	213,196	-	213,196	197,813	-	197,813
Professional services	210,441	112,789	323,230	193,976	135,659	329,635
Rental expenses	700,150	-	700,150	343,951	-	343,951
Repair and replacement expenses	971,200	-	971,200	2,036,401	-	2,036,401
Other administrative expenses	7,964	-	7,964	4,161	-	4,161
Other expense	15,921	-	15,921	11,895	-	11,895
Gift / Transfer to Georgia Southern University	545,375	-	545,375	625,851	-	625,851
Impairment of long-lived asset	-	-	-	198,692	-	198,692
Gain (loss) on refunding of debt	-	-	-	1,105,699	-	1,105,699
Total expenses	<u>\$ 10,870,398</u>	<u>\$ 161,499</u>	<u>\$ 11,031,897</u>	<u>\$ 12,802,903</u>	<u>\$ 185,698</u>	<u>\$ 12,988,601</u>

The Notes to Financial Statements are an integral part of these statements.

**GEORGIA SOUTHERN UNIVERSITY**  
**HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Statements of Cash Flows*  
For the Years Ended June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Lease interest received	\$ 9,947,797	\$ 9,145,973
Replacement reserve income received	1,717,824	1,619,796
Cash paid to suppliers	(2,720,168)	(3,877,744)
Interest paid (net of amount capitalized)	(9,328,855)	(11,687,895)
Interest and investment income	430,832	431,426
Other income received	951,172	534,546
Net cash provided (used) by operating activities	998,602	(3,833,898)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(142,573)	(298,208)
Proceeds from termination of DSR Repurchase agreement	-	1,213,000
Principal payments on net investments in direct financing leases	8,847,509	9,572,311
Contributed assets on acquisition	-	5,691,297
Net cash provided by investing activities	8,704,936	16,178,400
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payment of bond issuance costs	-	(609,133)
Proceeds from issuance of long-term debt	-	56,965,485
Principal payments on bond obligations	(7,985,000)	(70,740,000)
Payment of amounts due to Georgia Southern University	(605,000)	(1,032,799)
Net cash used by financing activities	(8,590,000)	(15,416,447)
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	1,113,538	(3,071,945)
<b>CASH AND EQUIVALENTS, beginning of year</b>	34,168,358	37,240,303
<b>CASH AND EQUIVALENTS, end of year</b>	\$ 35,281,896	\$ 34,168,358

The Notes to Financial Statements are an integral part of these statements.



**GEORGIA SOUTHERN UNIVERSITY**  
**HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Statements of Cash Flows*  
For the Years Ended June 30, 2019 and 2018

	<b>2019</b>	<b>2018</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
<b>Change in net assets before acquisition income</b>	<u>\$ 2,221,339</u>	<u>\$ (426,551)</u>
<b>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</b>		
Amortization of bond issuance costs	213,196	197,813
Amortization of bond premium (discount)	(1,028,018)	(897,497)
Realized gains on investments	(320,240)	(154,223)
Unrealized gains on investments	133,091	(98,578)
Loss (Gain) on lease modification	-	(70,054)
Decrease (Increase) in operating assets:		
Interest income receivable	(438)	96,732
Accounts receivable	(12,300)	-
Other receivables	504	(504)
Prepaid expenses	58,643	11,166
Increase (Decrease) in operating liabilities:		
Accounts payable	(3,902)	(1,271,556)
Accrued interest	(115,164)	(900,601)
Other liabilities	(560,047)	566,562
Due to Georgia Southern University	418,164	-
Unearned revenue	-	(569,656)
Deferred gain on capital lease	(6,226)	(34,026)
Other liabilities	-	(282,925)
Total adjustments	<u>(1,222,737)</u>	<u>(3,407,347)</u>
Net cash provided (used) by operating activities	<u>\$ 998,602</u>	<u>\$ (3,833,898)</u>

**Supplemental Disclosure of Cash Flow Information**

<b>Noncash investing and financing activities:</b>		
Contribution of property to Georgia Southern University	<u>\$ Nil</u>	<u>\$ (240,000)</u>
Net noncash contributions on acquisition	<u>\$ Nil</u>	<u>\$ 69,278</u>

The Notes to Financial Statements are an integral part of these statements.

**GEORGIA SOUTHERN UNIVERSITY  
HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Notes to Financial Statements*  
*June 30, 2019 and 2018*

**Note 1. Organization**

Georgia Southern University Housing Foundation, Inc. and Subsidiaries (the Foundation) is an independent nonprofit organization located in Statesboro, Georgia whose purpose is to acquire, construct or improve student housing and other student facilities. The construction projects completed include acquisition, construction and/or renovation of seven housing facilities, containing approximately 4,540 beds, as well as construction or improvements to other student facilities, including student recreation facilities, various athletic facilities, dining facilities, and continuing education facilities located on land owned by Georgia Southern University (the University).

**Note 2. Significant Accounting Policies**

A summary of the Foundation's significant accounting policies consistently applied in the preparation of the accompanying financial statements is as follows:

*Basis of Accounting:*

The Foundation utilizes the accrual method of accounting, whereby income is recognized as earned and expenses are recognized as obligations are incurred. The financial statements include the financial position and activities of the Foundation.

*Cash and Cash Equivalents:*

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments with a maturity date of three months or less to be cash equivalents.

*Investments:*

Investments are reported at fair value based on the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy gives the highest priority to unadjusted quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Level 1 investments are investments for which fair value is derived from quoted prices in active markets for identical assets the Foundation has the ability to access at the measurement date. Level 2 investments are investments for which fair value is derived from other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly. Level 3 investments are investments for which fair value is derived from significant unobservable inputs.

All investments in debt and equity securities with a readily determinable market value are reported at fair value with gains and losses included in the consolidated statements of activities based on quotations obtained from national securities exchanges. Alternative investments, which are not readily marketable, are carried at estimated fair values as provided by external investment managers. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in estimating the fair value of the alternative investments. The estimated fair values may differ significantly from the values that would have been used had ready markets for these securities existed.

## Note 2. Significant Accounting Policies (continued)

### *Investments: (continued)*

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated in the values of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Foundation's consolidated financial statements.

### *Income Taxes:*

The Foundation is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation adopted the income tax standard for uncertain tax positions on January 1, 2009. As a result of the implementation, the Foundation evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2019. The years ended June 30, 2016, 2017, 2018 and 2019 are open for potential review and adjustment by the Internal Revenue Service or the Georgia Department of Revenue under the statute of limitations. The organization has no unrelated business income that could produce tax liabilities under the Internal Revenue Code or the laws of the State of Georgia. Therefore, no tax liability has been reflected in the financial statements.

### *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.

### *Consolidation Policy:*

The accompanying consolidated financial statements include the accounts of the parent corporation and all of its wholly owned subsidiaries. Intercompany transactions and balances have been eliminated in the consolidation.

### *Recent Accounting Pronouncements:*

During the year ended June 30, 2018, the Foundation adopted the provisions of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The provisions of ASU 2016-14 reduces the number of classes of net assets from three to two, Net Assets with Donor Restrictions, and Net Assets without Donor Restrictions. Items previously treated as temporarily restricted due to legal covenant created by the Foundation's bonded debt do not meet the criteria of Net Assets with Donor Restrictions, and are therefore reflected in Net Assets without Donor Restrictions. The effects of the application of ASU 2016-14 have also been applied as of and for the year ended June 30, 2018, with beginning Net Assets recharacterized under the new criteria.

### *Others:*

Management has evaluated subsequent events through September 4, 2019, the date the financial statements were available to be issued.

**Note 3. Restricted Cash Balance Funds**

Restricted cash balances as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Repairs and replacement	\$ 14,106,544	\$ 13,265,861
Principal	7,470,097	6,882,755
Interest	4,295,274	4,386,334
Capital interest	51,255	-
Debt service reserve	7,024,416	7,022,693
Other	90,263	322,081
Total	<u>\$ 33,037,849</u>	<u>\$ 31,879,724</u>

**Note 4. Investments**

A summary of the aggregate cost and fair value of investment securities as of June 30, 2019 and 2018 is as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
BOR Investment Pools:				
Cash and equivalents	\$ 10,899	\$ 10,899	\$ 11,809	\$ 11,809
Money market funds	76,873	77,692	77,054	76,967
Equity securities	2,341,366	2,444,001	1,909,798	2,271,230
Mutual funds	3,463,660	3,794,410	3,431,506	3,637,274
Total	<u>\$ 5,892,798</u>	<u>\$ 6,327,002</u>	<u>\$ 5,430,167</u>	<u>\$ 5,997,280</u>

The Foundation's investment assets recorded at fair value have been categorized based upon a fair value hierarchy (See Note 2) as of June 30, 2019 and 2018 as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Level 1</u>	<u>Total</u>	<u>Level 1</u>	<u>Total</u>
BOR Investment Pools:				
Cash and equivalents	\$ 10,899	\$ 10,899	\$ 11,809	\$ 11,809
Money market funds	77,692	77,692	76,967	76,967
Equity securities	2,444,001	2,444,001	2,271,230	2,271,230
Mutual funds	3,794,410	3,794,410	3,637,274	3,637,274
Total	<u>\$ 6,327,002</u>	<u>\$ 6,327,002</u>	<u>\$ 5,997,280</u>	<u>\$ 5,997,280</u>

The Foundation has invested in various funds through the pooled investment program of the Board of Regents of the University System of Georgia managed by Suntrust through its Foundations and Endowments Specialty Practice. The funds consisted of blended instruments, including large cap domestic equities, small cap domestic equities, mid cap domestic equities, international and emerging markets equity, real estate, high yield fixed income, global fixed income and alternative investments. The investment pool does not issue shares. Each participant enters the investment pool voluntarily and is allocated a pro rata share of each investment held by the pool, along with a pro rata share of the income each investment earns. The amounts presented are broken out by natural classification.

The fair value of the investment pool is determined daily. There are no unfunded commitments, lockout periods, or redemption terms as of June 30, 2019 and 2018, respectively. The pooled funds are considered to mature within a year.

**Note 5. Property, Plant and Equipment, net**

The following is a summary of property, plant and equipment at cost, less accumulated depreciation:

	<u>2019</u>	<u>2018</u>
Land	<u>\$ 1,620,000</u>	<u>\$ 1,620,000</u>

**Note 6. Lease Agreements**

The Foundation's net investment in direct financing leases as of June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
<b>GSUHF1</b>		
Capital lease of student housing facilities (Southern Courtyard and Southern Pines) to Georgia Southern University, in the original amount of \$42,668,051, commencing in September, 2003, renewable annually up to 30 years	\$ 24,381,918	\$ 25,984,783
<b>GSUHF2</b>		
Capital lease of student housing facilities (Eagle Village) to Georgia Southern University, in the original amount of \$30,179,998, commencing in August, 2005, renewable annually up to 30 years	17,569,944	18,764,060
Capital lease of an athletic training facility to Georgia Southern University, in the original amount of \$694,056, commencing in August, 2005, renewable annually up to 30 years	392,194	421,611
Capital lease of the J I Clements Baseball Stadium to Georgia Southern University, in the original amount of \$2,230,350, commencing in August, 2005, renewable annually up to 30 years	1,261,339	1,355,771
Capital lease of the soccer and track stadium to Georgia Southern University, in the original amount of \$1,677,441, commencing in August, 2005, renewable annually up to 30 years	947,781	1,018,537
<b>GSUHF3</b>		
Capital lease of the Recreational Activities Complex (RAC) to Georgia Southern University, in the original amount of \$40,264,057, commencing in August, 2006, modified in November, 2015, renewable up to 14 years	22,673,965	24,381,375
<b>GSUHF4</b>		
Capital lease of student housing facilities (Centennial Place) to Georgia Southern University, in the original amount of \$56,096,073, commencing in August, 2009, modified in August, 2017, renewable annually up to 30 years	44,766,021	46,366,032
Capital lease of student housing facilities (University Villas) to Georgia Southern University, in the original amount of \$13,385,741, commencing in August, 2008, modified in August, 2017, renewable annually up to 29 years	11,258,313	11,656,079
<b>GSUHF5</b>		
Capital lease of student housing facilities (Freedom's Landing) to Georgia Southern University, in the original amount of \$34,599,940, commencing in August, 2012, renewable annually up to 28 years	32,574,408	33,103,115
<b>GSUHF6</b>		
Capital lease of student dining facilities (Dining Commons) to Georgia Southern University, in the original amount of \$18,321,141, commencing in August, 2013, renewable annually up to 29 years	16,871,763	17,218,086

**Note 6. Lease Agreements (continued)**

	<u>2019</u>	<u>2018</u>
Capital lease of student dining facilities (Lakeside Dining) to Georgia Southern University, in the original amount of \$7,851,917, commencing in August, 2013, renewable annually up to 29 years	\$ 7,308,669	\$ 7,446,143
AC		
Capital lease of the Armstrong Center to the Armstrong campus of the newly consolidated Georgia Southern University, in the original amount of \$12,531,528, commencing in May, 2005, modified in September, 2015, renewable annually up to 19 years	11,124,389	11,611,337
ASUSU		
Capital lease of the Armstrong Student Union facility to Armstrong Campus of the newly consolidated Georgia Southern University, in the original amount of \$23,517,138, commencing in January, 2009, modified in October, 2016, renewable annually up to 22 years	<u>21,986,905</u>	<u>22,638,188</u>
Total net investment in direct financing leases	<u>\$ 213,117,609</u>	<u>\$ 221,965,117</u>

*A. Georgia Southern University Housing Foundation One, LLC*

Georgia Southern University Housing Foundation One, LLC (*GSUHFI*) has a direct financing lease agreement with the Board of Regents of the University System of Georgia (the Board of Regents) for two student housing facilities, Southern Courtyard and Southern Pines. The lease began upon construction completion and the receipt of a certificate of occupancy, commencing September, 2003. The monthly lease payment amount is \$236,493. This amount will be utilized to maintain the housing facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund. This lease is renewable annually up to 30 years.

*GSUHFI* is the lessee of the land upon which the housing facilities are located. This lease is payable to the Board of Regents at \$10 per year for a primary term of 27 years, subject to a 5 year extension. This lease commenced after the receipt of the certificate of occupancy.

The following is a summary of the components of *GSUHFI's* net investment in the direct financing lease at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total minimum lease payments to be received	\$ 31,690,064	\$ 34,527,977
Unearned interest income	<u>(7,308,146)</u>	<u>(8,543,194)</u>
Net investment in direct financing lease	<u>\$ 24,381,918</u>	<u>\$ 25,984,783</u>

Minimum lease payments to be received for each of the next five years and thereafter are as follows:

June 30, 2020	\$ 2,837,916
2021	2,837,916
2022	2,837,916
2023	2,837,916
2024	2,837,916
Thereafter	<u>17,500,484</u>
Total	<u>\$ 31,690,064</u>

**Note 6. Lease Agreements (continued)**

*B. Georgia Southern University Housing Foundation Two, LLC*

Georgia Southern University Housing Foundation Two, LLC (*GSUHF2*) has four rental agreements with the Board of Regents for a student housing facility, Eagle Village, as well as a soccer and track stadium, the J I Clements baseball stadium, and an athletic training center. The leases began upon construction completion and the receipt of a certificate of occupancy in August, 2005. The monthly rental amounts vary each year. The student housing lease monthly income amounts vary from \$182,297 to \$192,682. The weight room lease monthly income amounts vary from \$4,091 to \$4,149. The soccer field lease monthly income amounts vary from \$9,892 to \$9,999. The baseball facilities lease monthly income amounts vary from \$13,140 to \$13,333. These amounts will be utilized to maintain the facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund. These leases are renewable annually up to 30 years.

*GSUHF2* is the lessee of the land upon which the facilities are located. This lease is payable to the Board of Regents at \$10 per year for a primary term of 25 years, subject to a 5 year extension. This lease commenced after the receipt of the certificate of occupancy.

The following is a summary of the components of *GSUHF2's* net investment in the direct financing leases at June 30, 2019 and 2018:

	<u>Eagle Village</u>	<u>Athletic Training Center</u>	<u>J I Clements Baseball Stadium</u>	<u>Soccer and Track Stadium</u>	<u>Total 2019</u>
Total minimum lease payments to be received	\$ 25,497,538	\$ 498,789	\$ 1,604,544	\$ 1,205,558	\$ 28,806,429
Unfunded replacement reserve	(2,674,354)	-	-	-	(2,674,354)
Unearned interest income	<u>(5,253,240)</u>	<u>(106,595)</u>	<u>(343,205)</u>	<u>(257,777)</u>	<u>(5,960,817)</u>
Net investment in direct financing lease	<u>\$ 17,569,944</u>	<u>\$ 392,194</u>	<u>\$ 1,261,339</u>	<u>\$ 947,781</u>	<u>\$ 20,171,258</u>
	<u>Eagle Village</u>	<u>Athletic Training Center</u>	<u>J I Clements Baseball Stadium</u>	<u>Soccer and Track Stadium</u>	<u>Total 2018</u>
Total minimum lease payments to be received	\$ 27,792,766	\$ 548,373	\$ 1,763,832	\$ 1,325,042	\$ 31,430,013
Unfunded replacement reserve	(2,875,318)	-	-	-	(2,875,318)
Unearned interest income	<u>(6,153,388)</u>	<u>(126,762)</u>	<u>(408,061)</u>	<u>(306,505)</u>	<u>(6,994,716)</u>
Net investment in direct financing lease	<u>\$ 18,764,060</u>	<u>\$ 421,611</u>	<u>\$ 1,355,771</u>	<u>\$ 1,018,537</u>	<u>\$ 21,559,979</u>

**Note 6. Lease Agreements (continued)**

*B. Georgia Southern University Housing Foundation Two, LLC (continued)*

Minimum lease payments to be received for each of the next five years and thereafter are as follows:

	<u>Eagle Village</u>	<u>Athletic Training Center</u>	<u>J I Clements Baseball Stadium</u>	<u>Soccer and Track Stadium</u>	<u>Total</u>
June 30, 2020	\$ 2,291,856	\$ 49,584	\$ 159,312	\$ 119,496	\$ 2,620,248
2021	2,295,792	49,512	159,060	119,496	2,623,860
2022	2,296,512	49,356	158,544	119,328	2,623,740
2023	2,294,004	49,128	157,776	118,968	2,619,876
2024	2,298,300	49,560	159,228	119,448	2,626,536
Thereafter	<u>14,021,074</u>	<u>251,649</u>	<u>810,624</u>	<u>608,822</u>	<u>15,692,169</u>
Total	<u>\$ 25,497,538</u>	<u>\$ 498,789</u>	<u>\$ 1,604,544</u>	<u>\$ 1,205,558</u>	<u>\$ 28,806,429</u>

*C. Georgia Southern University Housing Foundation Three, LLC*

Georgia Southern University Housing Foundation Three, LLC (*GSUHF3*) has a rental agreement with the Board of Regents for the Recreation Athletic Center, including outdoor amenities. The lease began upon construction completion and the receipt of a certificate of occupancy, commencing in August, 2006. The Recreation Athletic Center lease monthly income amounts varied from \$74,448 to \$266,095. These amounts will be utilized to maintain the facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund.

Upon the issuance of refunding bonds as described at Note 7.C. in November, 2015, *GSUHF3* modified the rental agreement to pass-through the economic benefit of the refunding to the Board of Regents. The monthly rental income amounts vary each year. The modified lease monthly income amounts vary from \$246,292 to \$235,253. These amounts will be utilized to maintain the facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund. This lease is renewable annually up to 14 years.

*GSUHF3* is the lessee of the land upon which the additional facilities are located. This lease is payable to the Board of Regents at \$10 per year for a primary term of 25 years, subject to a 5 year extension. This lease commenced after the receipt of the certificate of occupancy. As additional consideration for the leasing of the existing Recreation Athletic Center for the term of the lease, the lessee paid to the lessor the sum of \$4,500,000, which was being amortized over the life of the lease. Upon modification of the lease as noted above, the ground lease was modified, and the remaining prepaid rent was recognized in the year ended June 30, 2016.

The net present value capital lease calculations of the original lease resulted in the net present value exceeding the costs by \$6,625,678. This difference was being amortized over the life of the lease and is recognized annually as a gain on capital lease. The lease payments were determined in advance of the start of the project, therefore, the actual costs to complete the projects differed from the net present values. Upon modification of the lease, the remaining unamortized gain was recognized in the year ended June 30, 2016.



**Note 6. Lease Agreements (continued)**

*C. Georgia Southern University Housing Foundation Three, LLC (continued)*

The following is a summary of the components of *GSUHF3's* net investment in the direct financing lease at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total minimum lease payments to be received	\$ 30,452,240	\$ 33,164,429
Unfunded replacement reserve	(3,712,167)	(3,993,562)
Unearned interest income	<u>(4,066,108)</u>	<u>(4,789,492)</u>
Net investment in direct financing lease	<u>\$ 22,673,965</u>	<u>\$ 24,381,375</u>

Minimum lease payments to be received for each of the next five years and thereafter are as follows:

June 30, 2020	\$ 2,718,448
2021	2,726,468
2022	2,741,955
2023	2,743,267
2024	2,756,114
Thereafter	<u>16,765,988</u>
Total	<u>\$ 30,452,240</u>

*D. Georgia Southern University Housing Foundation Four, LLC*

Georgia Southern University Housing Foundation Four, LLC (*GSUHF4*) has two rental agreements with the Board of Regents for student housing facilities, University Villas (originally known as Campus Courtyard) and Centennial Place. The leases began upon acquisition/construction completion and the receipt of a certificate of occupancy, with the University Villas lease commencing August, 2008, and the Centennial Place lease commencing August, 2009. The monthly rental amounts vary each year. The original University Villas lease monthly income amounts vary from \$41,573 to \$130,110. The original Centennial Place lease monthly income amounts vary from \$211,312 to \$370,066. These amounts will be utilized to maintain the facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund. The University Villas lease is renewable annually up to 29 years, while the Centennial Place lease is renewable up to 30 years.

Upon the issuance of refunding bonds as described at Note 7.D. in August, 2017, *GSUHF4* modified the rental agreement to pass-through the economic benefit of the refunding to the Board of Regents. The University Villas lease monthly income amounts vary from \$89,066 to \$112,558. The Centennial Place lease monthly income amounts vary from \$273,689 to \$305,335. These amounts will be utilized to maintain the facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund. This lease is renewable annually up to 14 years. The lease modification resulted in a gain of \$1,495,130 which was recognized during the year ended June 30, 2018, and represents the change in the carrying amount of the capital lease receivable as a result of the lease modification.

*GSUHF4* is the lessee of the land upon which the additional facilities are located. This lease is payable to the Board of Regents at \$10 per year for a primary term of 30 years, subject to a 5 year extension. This lease commenced after the receipt of the certificate of occupancy.

**Note 6. Lease Agreements (continued)**

*D. Georgia Southern University Housing Foundation Four, LLC (continued)*

The net present value capital lease calculations of this project resulted in the net present value exceeded the costs by \$6,819,148. This difference was being amortized over the life of the lease and was recognized annually as a gain on capital lease. The lease payments were determined in advance of the start of the project, therefore, the actual costs to complete the projects differed from the net present values. Upon modification of the lease, the remaining unamortized gain was recognized in the year ended June 30, 2018.

The following is a summary of the components of *GSUHF4's* net investment in the direct financing leases at June 30, 2019 and 2018:

	<u>Centennial Place</u>	<u>University Villas</u>	<u>Total 2019</u>
Total minimum lease payments to be received	\$ 67,460,136	\$ 23,285,523	\$ 90,745,659
Unfunded replacement reserve	(6,562,815)	(7,968,480)	(14,531,295)
Unearned interest income	<u>(16,131,300)</u>	<u>(4,058,730)</u>	<u>(20,190,030)</u>
Net investment in direct financing lease	<u>\$ 44,766,021</u>	<u>\$ 11,258,313</u>	<u>\$ 56,024,334</u>
	<u>Centennial Place</u>	<u>University Villas</u>	<u>Total 2018</u>
Total minimum lease payments to be received	\$ 70,870,057	\$ 24,382,598	\$ 95,252,655
Unfunded replacement reserve	(6,816,496)	(8,276,495)	(15,092,991)
Unearned interest income	<u>(17,687,529)</u>	<u>(4,450,024)</u>	<u>(22,137,553)</u>
Net investment in direct financing lease	<u>\$ 46,366,032</u>	<u>\$ 11,656,079</u>	<u>\$ 58,022,111</u>

Minimum lease payments to be received for each of the next five years and thereafter are as follows:

	<u>Centennial Place</u>	<u>University Villas</u>	<u>Total</u>
June 30, 2020	\$ 3,464,815	\$ 1,122,196	\$ 4,587,011
2021	3,473,928	1,132,114	4,606,042
2022	3,480,330	1,141,582	4,621,912
2023	3,488,028	1,151,609	4,639,637
2024	3,492,832	1,161,155	4,653,987
Thereafter	<u>50,060,203</u>	<u>17,576,867</u>	<u>67,637,070</u>
Total	<u>\$ 67,460,136</u>	<u>\$ 23,285,523</u>	<u>\$ 90,745,659</u>

**Note 6. Lease Agreements (continued)**

*E. Georgia Southern University Housing Foundation Five, LLC*

Georgia Southern University Housing Foundation Five, LLC (*GSUHF5*) has a rental agreement with the Board of Regents for student housing facilities, Freedom's Landing (originally known as Campus Club), including amenities to include a pool and surface parking. The lease began upon renovation completion and the receipt of a certificate of occupancy, commencing in August, 2012. The monthly rental income amounts vary each year. The Freedom's Landing lease monthly income amounts vary from \$205,245 to \$325,099. These amounts will be utilized to maintain the facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund. This lease is renewable annually up to 30 years.

*GSUHF5* is the lessee of the land upon which the housing facilities are located. This lease is payable to the Board of Regents at \$10 per year for a primary term of 30 years, subject to a 5 year extension. This lease commenced after the receipt of the certificate of occupancy.

The following is a summary of the components of *GSUHF5's* net investment in the direct financing lease at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total minimum lease payments to be received	\$ 80,006,040	\$ 83,408,845
Unfunded replacement reserve	(13,322,452)	(13,746,021)
Unearned interest income	<u>(34,109,180)</u>	<u>(36,559,709)</u>
Net investment in direct financing lease	<u>\$ 32,574,408</u>	<u>\$ 33,103,115</u>

Minimum lease payments to be received for each of the next five years and thereafter are as follows:

June 30, 2020	\$ 3,420,602
2021	3,437,240
2022	3,451,886
2023	3,469,552
2024	3,491,607
Thereafter	<u>62,735,153</u>
Total	<u>\$ 80,006,040</u>

*F. Georgia Southern University Housing Foundation Six, LLC*

Georgia Southern University Housing Foundation Six, LLC (*GSUHF6*) has two rental agreements with the Board of Regents for student dining facilities, Dining Commons and Lakeside Dining. The leases began upon construction completion and the receipt of a certificate of occupancy, commencing August, 2013. The monthly rental amounts vary each year. The Dining Commons lease monthly income amounts vary from \$67,126 to \$123,027. The Lakeside Dining lease monthly income amounts vary from \$28,658 to \$55,892. These amounts will be utilized to maintain the facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund. These leases are renewable annually up to 30 years.

*GSUHF6* is the lessee of the land upon which the dining facilities are located. This lease is payable to the Board of Regents at \$10 per year for a primary term of 30 years, subject to a 5 year extension. This lease commenced after the receipt of the certificate of occupancy.

**Note 6. Lease Agreements (continued)**

*F. Georgia Southern University Housing Foundation Six, LLC (continued)*

The following is a summary of the components of *GSUHF6's* net investment in the direct financing leases at June 30, 2019 and 2018:

	<u>Dining Commons</u>	<u>Lakeside Dining</u>	<u>Total 2019</u>
Total minimum lease payments to be received	\$ 31,404,842	\$ 13,949,952	\$ 45,354,794
Unfunded replacement reserve	(2,759,866)	(1,182,801)	(3,942,667)
Unearned interest income	<u>(11,773,213)</u>	<u>(5,458,482)</u>	<u>(17,231,695)</u>
Net investment in direct financing lease	<u>\$ 16,871,763</u>	<u>\$ 7,308,669</u>	<u>\$ 24,180,432</u>
	<u>Dining Commons</u>	<u>Lakeside Dining</u>	<u>Total 2018</u>
Total minimum lease payments to be received	\$ 32,685,553	\$ 14,510,394	\$ 47,195,947
Unfunded replacement reserve	(2,842,431)	(1,218,186)	(4,060,617)
Unearned interest income	<u>(12,625,036)</u>	<u>(5,846,065)</u>	<u>(18,471,101)</u>
Net investment in direct financing lease	<u>\$ 17,218,086</u>	<u>\$ 7,446,143</u>	<u>\$ 24,664,229</u>

Minimum lease payments to be received for each of the next five years and thereafter are as follows:

	<u>Dining Commons</u>	<u>Lakeside Dining</u>	<u>Total</u>
June 30, 2020	\$ 1,283,397	\$ 561,691	\$ 1,845,088
2021	1,290,701	565,584	1,856,285
2022	1,297,786	567,835	1,865,621
2023	1,303,862	570,407	1,874,269
2024	1,308,941	572,630	1,881,571
Thereafter	<u>24,920,155</u>	<u>11,111,805</u>	<u>36,031,960</u>
Total	<u>\$ 31,404,842</u>	<u>\$ 13,949,952</u>	<u>\$ 45,354,794</u>

*G. Armstrong Center, LLC*

Armstrong Center, LLC (*AC*) has a rental agreement with the Board of Regents for professional and continuing education facilities, known as the Armstrong Center, for the Armstrong campus of the newly consolidated Georgia Southern University. The lease began in May, 2005 upon renovation completion and the receipt of a certificate of occupancy. The monthly rental income amounts vary each year. The Armstrong Center lease monthly income amounts vary from \$37,227 to \$77,039. These amounts will be utilized to maintain the facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund. This lease is renewable annually up to 29 years.

*AC* is the lessee of the land upon which the housing facilities are located. This lease is payable to the Board of Regents at \$1 per year for a primary term of 29 years, subject to a 5 year extension. This lease commenced after the receipt of the certificate of occupancy.

G. *Armstrong Center, LLC (continued)*

The following is a summary of the components of AC's net investment in the direct financing lease at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total minimum lease payments to be received	\$ 17,204,075	\$ 18,260,076
Unfunded replacement reserve	(1,864,670)	(1,954,483)
Unearned interest income	<u>(4,215,016)</u>	<u>(4,694,256)</u>
Net investment in direct financing lease	<u>\$ 11,124,389</u>	<u>\$ 11,611,337</u>

Minimum lease payments to be received for each of the next five years and thereafter are as follows:

June 30, 2020	\$ 1,063,672
2021	1,061,016
2022	1,065,340
2023	1,061,646
2024	1,064,939
Thereafter	<u>11,887,462</u>
Total	<u>\$ 17,204,075</u>

H. *ASU Student Union, LLC*

ASU Student Union, LLC (*ASUSU*) has a rental agreement with the Board of Regents for costs of acquiring, renovating, constructing and improving facilities to be used as a student union, food center and bookstore located on the Armstrong Campus of the newly consolidated Georgia Southern University. The lease began in January, 2009 upon completion of construction of the facility and the receipt of a certificate of occupancy. The monthly rental income amounts vary each year. The ASU Student Union lease monthly income amounts vary from \$27,972 to \$132,627. These amounts will be utilized to maintain the facilities, and to pay the debt service on the bonds and any amounts required to be deposited to the Replacement Fund. This lease is renewable annually up to 29 years.

*ASUSU* is the lessee of the land upon which the housing facilities are located. This lease is payable to the Board of Regents at \$10 per year for a primary term of 29 years, subject to a 5 year extension. This lease commenced after the receipt of the certificate of occupancy.

The following is a summary of the components of *ASUSU*'s net investment in the direct financing lease at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total minimum lease payments to be received	\$ 32,710,769	\$ 34,243,254
Unfunded replacement reserve	(1,174,479)	(1,216,915)
Unearned interest income	<u>(9,549,385)</u>	<u>(10,388,151)</u>
Net investment in direct financing lease	<u>\$ 21,986,905</u>	<u>\$ 22,638,188</u>

H. *Armstrong Center, LLC (continued)*

Minimum lease payments to be received for each of the next five years and thereafter are as follows:

June 30, 2020	\$	1,561,750
2021		1,564,027
2022		1,548,953
2023		1,553,193
2024		1,597,622
Thereafter		<u>24,885,224</u>
Total	\$	<u>32,710,769</u>

I. *Operating Leases*

University Terrace, LLC (*UT*) has a rental agreement with the Board of Regents for student housing facilities. The lease commencement date for Phase I was May 26, 2006, with annual renewals through July 31, 2021. The monthly rent increases with each annual renewal, increasing from the initial rent of \$22,000 per month to \$34,275.28 over the course of the renewal periods. The lease commencement date for Phase II was May 26, 2006, with annual renewals through July 31, 2021. The monthly rent increases with each annual renewal, increasing from the initial rent of \$24,000 per month to \$36,302.14 over the course of the renewal periods.

ASU Cedar Grove, LLC (*ASUCG*) has a rental agreement with the Board of Regents for unimproved real property adjacent to the University campus. The lease commencement date was January 1, 2009 and is renewable annually, with monthly lease payments of \$1,000.

Minimum lease payments to be received for each of the next five years and thereafter are as follows:

	<u>Phase I</u>	<u>Phase II</u>	<u>Total</u>
June 30, 2020	\$ 398,354	\$ 421,911	\$ 820,265
2021	410,305	434,568	844,873
2022	<u>34,275</u>	<u>36,302</u>	<u>70,577</u>
Total	<u>842,934</u>	<u>892,781</u>	<u>1,735,715</u>

**Note 7. Bond Obligations**

Bonds payable as of June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
<b>GSUHF1</b>		
Student Housing Refunding Revenue Bonds, Series 2012; issued November 29, 2012 in the original amount of \$27,590,000; consisting of Serial Bonds, maturing annually through 2028, with stated interest rates varying from 2% to 5% over the bond term	\$ 20,235,000	\$ 21,595,000
<b>GSUHF2</b>		
Refunding Revenue Bonds, Series 2013; issued March 14, 2013 in the original amount of \$27,800,000; consisting of \$23,970,000 Serial Bonds, maturing annually through 2028, and \$3,830,000 Term Bonds, due August 1, 2030, with stated interest rates varying from 2% to 5% over the obligation term	19,970,000	21,345,000
<b>GSUHF3</b>		
Refunding Revenue Bonds, Series 2015; issued November 17, 2015 in the original amount of \$26,270,000; consisting of Serial Bonds, maturing annually through 2030, with stated interest rates varying from 3% to 5% over the obligation term	22,620,000	24,015,000
<b>GSUHF4</b>		
Refunding Revenue Bonds, Series 2017; issued August 1, 2017 in the original amount of \$48,755,000; consisting of Serial Bonds, maturing annually through 2038, with stated interest rates varying from 3% to 5% over the obligation term	47,455,000	48,755,000
<b>GSUHF5</b>		
Student Housing Lease Revenue Bonds, Series 2011; issued May 19, 2011 in the original amount of \$42,770,000; consisting of Serial Bonds, maturing annually through 2041, with stated interest rates varying from 2% to 5.125% over the obligation term	38,430,000	39,365,000
<b>GSUHF6</b>		
Student Dining Revenue Bonds, Series 2012; issued August 22, 2012 in the original amount of \$27,280,000; consisting of \$10,270,000 Serial Bonds, maturing annually through 2028, \$3,870,000 Term I Bonds, due July 1, 2032, \$5,835,000 Term II Bonds, due July 1, 2037 and \$7,305,000 Term III Bonds, due July 1, 2042, with stated interest rates varying from 2% to 5% over the obligation term	24,500,000	25,095,000
<b>Armstrong Center, LLC</b>		
Revenue Refunding Bonds, Series 2015; issued September 1, 2015 in the original amount of \$12,445,000; consisting of \$10,170,000 Serial Bonds, maturing annually through 2034, \$1,255,000 Term I Bonds, due December 1, 2027 and \$1,020,000 Term II Bonds, due December 1, 2033, with stated interest rates varying from 2% to 5% over the obligation term	11,095,000	11,555,000
<b>ASU Student Union, LLC</b>		
Refunding Revenue Bonds, Series 2016; issued October 1, 2016 in the original amount of \$22,030,000; consisting of \$15,050,000 Serial Bonds, maturing annually through 2034, \$2,660,000 Term I Bonds, due June 15, 2036 and \$4,320,000 Term II Bonds, due June 15, 2039, with stated interest rates varying from 3% to 5% over the obligation term	<u>20,780,000</u>	<u>21,345,000</u>

**Note 7. Bond Obligations (continued)**

	<u>2019</u>	<u>2018</u>
Subtotal	205,085,000	213,070,000
Plus: Unamortized bond premium	15,769,637	16,813,867
Less: Unamortized bond discount	(281,715)	(297,927)
Less: Unamortized bond issuance cost	<u>(3,297,236)</u>	<u>(3,510,432)</u>
Total bond obligations	<u>\$ 217,275,686</u>	<u>\$ 226,075,508</u>

*A. \$27,590,000 Student Housing Refunding Revenue Bonds, Series 2012*

On October 1, 2002 the Development Authority of Bulloch County issued \$38,180,000 of Student Housing Lease Revenue Bonds, Series 2002 on behalf of *GSUHF1* which were used for the construction of student housing facilities. During the fiscal year ended June 30, 2013, the Development Authority of Bulloch County issued \$27,590,000 of Student Housing Refunding Revenue Bonds, Series 2012, on behalf of *GSUHF1* which were used to retire the Series 2002 bonds. Principal payments on the refunding bonds are due annually on August 1, commencing August 1, 2013 with interest payments due semi-annually on February 1 and August 1, commencing February 1, 2013, in the amounts so as to enable the trustee, Branch Banking and Trust, to pay, on or before the dates due, the debt service on the bonds and any amounts required to be deposited to the Debt Service Reserve Fund and the Replacement Fund, both created pursuant to the provisions of the indenture. The bonds were secured by *GSUHF1's* interest in certain rents and leases derived from the facilities under a direct financing lease as described at Note 6.A.

*B. \$27,800,000 Refunding Revenue Bonds, Series 2013*

On May 3, 2004 the Development Authority of Bulloch County issued \$35,900,000 of Student Housing Lease Revenue Bonds, Series 2004 on behalf of *GSUHF2* which were used for the construction of student housing facilities, an athletic training facility, the J I Clements Baseball Stadium, and a soccer and track stadium. On March 14, 2013, the Development Authority of Bulloch County issued \$27,800,000 of Refunding Revenue Bonds, Series 2013, on behalf of *GSUHF2* which were used to defease the Series 2004 bonds, which were paid in full on August 1, 2014. Principal payments are due annually on August 1, commencing August 1, 2013, with interest payments due semi-annually on February 1 and August 1, commencing August 1, 2013, in the amounts so as to enable the trustee, Branch Banking and Trust, to pay, on or before the dates due, the debt service on the bonds and any amounts required to be deposited to the Debt Service Reserve Fund and the Replacement Fund, both created pursuant to the provisions of the indenture. The bonds are secured by *GSUHF2's* interest in certain rents and leases derived from the facilities under a direct financing lease as described at Note 6.B.



**Note 7. Bond Obligations (continued)**

*C. \$26,270,000 Refunding Revenue Bonds, Series 2015*

On March 9, 2005, the Development Authority of Bulloch County issued \$40,540,000 of Student Housing Lease Revenue Bonds, Series 2005A (tax-exempt) and Series 2005B (non-exempt), on behalf of *GSUHF3* which were used for the construction of student recreation facilities. On November 17, 2015, the Development Authority of Bulloch County issued \$26,270,000 of Refunding Revenue Bonds, Series 2015, on behalf of *GSUHF3*, which were used to retire the Series 2005 bonds. Principal payments are due annually on August 1, commencing August 1, 2016, with interest payments due semi-annually on February 1 and August 1, commencing February 1, 2016, in the amounts so as to enable the trustee, Branch Banking and Trust, to pay, on or before the dates due, the debt service on the bonds and any amounts required to be deposited to the Replacement Fund, created pursuant to the provisions of the indenture. The bonds are secured by *GSUHF3's* interest in certain rents and leases derived from the facilities under a direct financing lease as described at Note 6.C.

*D. \$69,000,000 Student Housing Lease Revenue Bonds, Series 2008*

On February 28, 2008, the Development Authority of Bulloch County issued \$69,000,000 of Student Housing Lease Revenue Bonds, Series 2008, on behalf of *GSUHF4* which were used for the acquisition of 472 beds of student housing and the construction of four new buildings to house 1,000 new beds of student housing. The project also included the design, development, and construction of approximately 8,700 square feet of retail space. Principal payments are due annually on July 1, commencing July 1, 2010 with interest payments due semi-annually on January 1 and July 1, commencing July 1, 2008, in the amounts so as to enable the trustee, Branch Banking and Trust, to pay, on or before the dates due, the debt service on the bonds and any amounts required to be deposited to the Debt Service Reserve Fund and the Replacement Fund, both created pursuant to the provisions of the indenture. The bonds are secured by *GSUHF4's* interest in certain rents and leases derived from the facilities under a direct financing lease as described at Note 6.D.

On August 1, 2017, the Development Authority of Bulloch County issued \$48,755,000 Refunding Revenue Bonds. The net proceeds of the refunding revenue bonds, as well as additional funds from the Series 2008 Debt Service Reserve were deposited into an escrow account pursuant to an Escrow Agreement dated August 1, 2017 and were used to pay the principal and interest of the Series 2008 bonds through the Redemption Date of July 1, 2018, upon which all remaining bonds were redeemed. As a result, \$60,180,000 of outstanding Series 2008 bonds were defeased and the liability for those bonds was removed from the statement of net position during the year ended June 30, 2018.

*E. \$48,755,000 Refunding Revenue Bonds, Series 2017*

Pursuant to the refunding of the 2008 Series bonds noted above, the Development Authority of Bulloch County issued \$48,555,000 of Refunding Revenue Bonds, Series 2017, on behalf of *GSUHF4*, which were used to retire the Series 2008 Bonds. Principal payments are due annually on July 1, commencing July 1, 2018, with interest payments due semi-annually on January 1 and July 1, commencing January 1, 2018, in the amounts so as to enable the trustee, Branch Banking and Trust to pay, on or before the dates due, the debt service on the bonds and any amounts required to be deposited to the Replacement Fund, created pursuant to the provisions of the indenture. The bonds are secured by *GSUHF4's* interest in certain rents and leases derived from the facilities under a direct financing lease as described at Note 6.D.

**Note 7. Bond Obligations (continued)**

*F. \$42,770,000 Student Housing Lease Revenue Bonds, Series 2011*

On May 19, 2011 the Development Authority of Bulloch County issued \$42,770,000 of Student Housing Lease Revenue Bonds, Series 2011, on behalf of *GSUHF5* which were used for the acquisition of 276 units and 984 beds of student housing and amenities, including a swimming pool and surface parking. Principal payments are due annually on July 1, commencing July 1, 2014 with interest payments due semi-annually on January 1 and July 1, commencing July 1, 2011, in the amounts so as to enable the trustee, Branch Banking and Trust, to pay, on or before the dates due, the debt service on the bonds and any amounts required to be deposited to the Debt Service Reserve Fund and the Replacement Fund, both created pursuant to the provisions of the indenture. The bonds were secured by *GSUHF5's* interest in certain rents and leases derived from the facilities under a direct financing lease as described at Note 6.E.

*G. \$27,280,000 Student Dining Revenue Bonds, Series 2012*

On August 16, 2012 the Development Authority of Bulloch County issued \$27,280,000 of Student Dining Revenue Bonds, Series 2012, on behalf of *GSUHF6* which were used for the construction of replacements for the dining facilities currently known as "Dining Commons" and "Lakeside Dining Commons." Principal payments are due annually on July 1, commencing July 1, 2014 with interest payments due semi-annually on January 1 and July 1, commencing January 1, 2013, in the amounts so as to enable the trustee, Branch Banking and Trust, to pay, on or before the dates due, the debt service on the bonds and any amounts required to be deposited to the Debt Service Reserve Fund and the Replacement Fund, both created pursuant to the provisions of the indenture. The bonds are secured by *GSUHF6's* interest in certain rents and leases derived from the facilities under a direct financing lease as described at Note 6.F.

*H. \$12,445,000 Refunding Revenue Bonds, Series 2015*

In 2005, the Savannah Economic Development Authority issued \$15,380,000 Revenue Bonds, Series 2005A and \$1,000,000 Taxable Revenue Bonds, Series 2005B on behalf of *AC* which were used to finance the costs of acquiring, renovating, constructing and equipping professional and continuing education facilities to be located adjacent to the Armstrong campus of the newly consolidated Georgia Southern University. On September 1, 2015, the Savannah Economic Development Authority issued \$12,445,000 in Refunding Revenue Bonds, Series 2015, on behalf of *AC*. The net proceeds of the bonds were deposited into an escrow fund pursuant to an Escrow Agreement dated September 1, 2015 and were used to pay the principal and interest on the Series 2005A bonds through and including the Redemption Date of December 1, 2018. As a result, \$13,155,000 of outstanding Series 2005A Bonds were defeased and the liability for these bonds was removed from the statement of net position.

Principal payments on the Series 2015 bonds are due annually on December 1, commencing December 1, 2016 with interest payments due semi-annually on December 1 and June 1, commencing December 1, 2015, in the amounts so as to enable the trustee, US Bank, to pay, on or before the dates due, the debt service on the bonds and any amounts required to be deposited to the Debt Service Reserve Fund and the Replacement Fund, both created pursuant to the provisions of the indenture. The bonds are secured by *AC's* interest in certain rents and leases derived from the facilities under a direct financing lease as described at Note 6.G.

## Note 7. Bond Obligations (continued)

### I. \$22,030,000 Refunding Revenue Bonds, Series 2016

In 2009, the Savannah Economic Development Authority issued \$24,260,000 Revenue Bonds, Series 2009 on behalf of *ASUSU* which were used to finance the costs of acquiring, renovating, constructing and improving facilities to be used as a student union, food center and bookstore located on the Armstrong campus of the newly consolidated Georgia Southern University. On October 1, 2016, the Savannah Economic Development Authority issued \$22,030,000 in Refunding Revenue Bonds, Series 2016, on behalf of *ASUSU*. The net proceeds of the bonds were deposited into an escrow fund pursuant to an Escrow Agreement dated October 1, 2016 and were used to pay the principal and interest on the Series 2009 bonds through and including the Redemption Date of June 15, 2018. As a result, \$23,395,000 of outstanding Series 2009 Bonds were defeased and the liability for these bonds was removed from the statement of net position.

Principal payments on the Series 2016 bonds are due annually on June 15, commencing June 15, 2017 with interest payments due semi-annually on December 15 and June 15, commencing December 15, 2016, in the amounts so as to enable the trustee, US Bank, to pay, on or before the dates due, the debt service on the bonds and any amounts required to be deposited to the Replacement Fund, created pursuant to the provisions of the indenture. The bonds are secured by *ASUSU*'s interest in certain rents and leases derived from the facilities under a direct financing lease as described at Note 6.H.

### J. \$3,410,000 Refunding Revenue Bonds, Series 2015

In 2005, the Savannah Economic Development Authority issued \$4,365,000 Revenue Bonds, Series 2005C on behalf of *ASUSRC* which were used to finance the costs of constructing and equipping a student recreation center on the Armstrong campus of the newly consolidated Georgia Southern University. On September 1, 2015, the Savannah Economic Development Authority issued \$3,410,000 in Refunding Revenue Bonds, Series 2015, on behalf of *ASUSU*. The net proceeds of the bonds were deposited into an escrow fund pursuant to an Escrow Agreement dated September 1, 2015 and were used to pay the principal and interest on the Series 2005C bonds through and including the Redemption Date of December 1, 2015. As a result, \$3,505,000 of outstanding Series 2005C Bonds were defeased and the liability for these bonds was removed from the statement of net position.

On April 30, 2018, *ASUSRC* deposited funds from the Debt Service Reserve Account and Replacement Reserve required by the Series 2015 bonds, as well as the final payment under the University's lease, and certain other funds into an escrow fund pursuant to an Escrow Agreement dated April 1, 2018. The funds will be used to pay the principal and interest on the Series 2015 bonds through and including the Redemption Date of December 1, 2025. As a result, \$3,115,000 of outstanding Series 2015 Bonds were defeased and the liability for these bonds was removed from the statement of net position. The defeasance resulted in a loss of \$5,794, which was recognized by *ASUSRC* in the fiscal year ended June 30, 2018.

**Note 7. Bond Obligations (continued)**

*K. Maturities of Debt*

Approximate maturities of the bonds are as follows:

		<b>Student Facility Revenue Bonds</b>								
		Series 2012	Series 2013	Series 2015	Series 2017	Series 2011	Series 2012	Series 2015	Series 2016	
		<u>GSUHF1</u>	<u>GSUHF2</u>	<u>GSUHF3</u>	<u>GSUHF4</u>	<u>GSUHF5</u>	<u>GSUHF6</u>	<u>AC</u>	<u>ASUSU</u>	<u>Total</u>
June 30,	2020	\$ 1,425,000	\$ 1,415,000	\$ 1,450,000	\$ 1,410,000	\$ 965,000	\$ 615,000	\$ 480,000	\$ 615,000	\$ 8,375,000
	2021	1,495,000	1,445,000	1,520,000	1,535,000	1,000,000	635,000	490,000	640,000	8,760,000
	2022	1,570,000	1,475,000	1,595,000	1,610,000	1,055,000	665,000	510,000	655,000	9,135,000
	2023	1,645,000	1,515,000	1,665,000	1,685,000	1,105,000	700,000	525,000	690,000	9,530,000
	2024	1,730,000	1,565,000	1,740,000	1,765,000	1,160,000	735,000	545,000	760,000	10,000,000
	Thereafter	<u>12,370,000</u>	<u>12,555,000</u>	<u>14,650,000</u>	<u>39,450,000</u>	<u>33,145,000</u>	<u>21,150,000</u>	<u>8,545,000</u>	<u>17,420,000</u>	<u>159,285,000</u>
	Total	<u>\$ 20,235,000</u>	<u>\$ 19,970,000</u>	<u>\$ 22,620,000</u>	<u>\$ 47,455,000</u>	<u>\$ 38,430,000</u>	<u>\$ 24,500,000</u>	<u>\$ 11,095,000</u>	<u>\$ 20,780,000</u>	<u>\$ 205,085,000</u>

**Note 8. Uninsured Cash Balances**

The Foundation maintains operating cash balances at local financial institutions which were insured by the Federal Deposit Insurance Corporation up to \$250,000, respectively as of the fiscal year end. Amounts in excess of insured limits were approximately \$682,340 and \$606,306 at June 30, 2019 and 2018, respectively.

**Note 9. Gain on Capital Leases**

For *GSUHF2*, the gain on the capital lease was recognized based on the difference between the calculated net present value lease payments and the actual costs of the project. The gain is being amortized and recognized over the life of the lease. The total gain, net of certain additional project costs after inception of the lease, was \$155,651. The remaining deferral was \$69,005 and \$75,231 at June 30, 2019 and 2018, respectively.

**Note 10. Liquidity and Availability of Financial Assets**

The following reflects the Foundation's financial assets as of the June 30, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2019</u>	<u>2018</u>
Financial assets at year end	\$ 41,653,636	\$ 40,198,142
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-based restrictions:		
Items contractually restricted by debt covenants	<u>(33,037,849)</u>	<u>(31,879,724)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,615,787</u>	<u>\$ 8,318,418</u>

### Note 11. Remediation Expenses

The two housing facilities constructed with the proceeds from *GSUHF1*'s bond issue required some unexpected repairs. For one of the housing facilities, a mold problem was discovered, and the costs to repair the damage to the facility were \$1,941,164, recognized during the two fiscal years ending June 30, 2009 and 2008. Claims were filed by the Foundation's attorneys against the developer during a prior fiscal year. The court's initial ruling was to put the parties involved in mediation. The case was not resolved as a result of mediation and is now in arbitration. Any amount expected to be recovered cannot be estimated at this time.

For the other housing facility, a mold problem was also discovered in May, 2009, and the costs to repair the damage to the facility were \$4,909,400, which were paid by the University. Claims were filed by the Foundation's attorneys against the developer during a prior fiscal year. The court's initial ruling was to put the parties involved in mediation. The case was not resolved as a result of mediation and is now in arbitration. Any amount expected to be recovered cannot be estimated at this time.

A repayment plan has been established for the remaining amount payable to the University in the amount of \$1,991,400, as follows:

June 30, 2020	\$	355,000
2021		355,000
2022		355,000
2023		355,000
2024		355,000
Thereafter		<u>216,400</u>
Total	\$	<u>1,991,400</u>

### Note 12. Covenants

The bond documents contain various covenants pertaining to funding of temporarily restricted cash accounts.

### Note 13. Change in Entity

On January 11, 2017, the University System of Georgia Board of Regents voted to consolidate Armstrong State University and Georgia Southern University. The consolidated university was named Georgia Southern University and is led by the current president of Georgia Southern University. Pursuant to this consolidation, the board of directors of the Georgia Southern Housing Foundation, Inc. and the Armstrong Educational Properties Foundation, Inc. agreed to combine their respective foundations and all subsidiaries on January 1, 2018. Under the criteria of FASB 958-805-55, it has been determined that the consolidation is an acquisition of the Armstrong Educational Properties Foundation, Inc. by the Georgia Southern University Housing Foundation, Inc. During the year ended June 30, 2018, the acquired assets and liabilities of the Armstrong Educational Properties Foundation, Inc. and its subsidiaries were recorded at their approximate fair market value as of the acquisition date. The net excess of the fair value of net assets over consideration in the acquisition of the acquired entity has been recognized in the statement of activities as "Contribution from Acquisition."

**SUPPLEMENTARY INFORMATION**

**GEORGIA SOUTHERN UNIVERSITY**  
**HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Consolidating Statements of Financial Position*  
*June 30, 2019*

	Georgia Southern University Housing Foundation, Inc.	Georgia Southern University Housing Foundation One, LLC	Georgia Southern University Housing Foundation Two, LLC	Georgia Southern University Housing Foundation Three, LLC	Georgia Southern University Housing Foundation Four, LLC	Georgia Southern University Housing Foundation Five, LLC	Georgia Southern University Housing Foundation Six, LLC
<b>ASSETS</b>							
Cash	\$ 639,321	\$ 217,324	\$ 254,455	\$ 106,666	\$ 121,048	\$ 116,357	\$ 70,090
Restricted cash	-	6,837,378	5,239,686	4,144,942	6,630,449	5,049,909	2,620,423
Accrued interest receivable	-	32,438	-	-	-	-	-
Receivables							
Other	-	-	-	-	-	-	-
Due from other related parties	2,093,175	-	-	-	-	-	-
Investments	6,327,002	-	-	-	-	-	-
Prepaid expenses	1,533	1,416	2,284	2,145	1,445	3,833	1,316
Investment in subsidiary	1,396,417	-	-	-	-	-	-
Net investment in direct financing leases	-	24,381,917	20,171,258	22,673,966	56,024,334	32,574,408	24,180,432
Property, plant and equipment, net of accumulated depreciation	290,000	-	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 10,747,448</u></b>	<b><u>\$ 31,470,473</u></b>	<b><u>\$ 25,667,683</u></b>	<b><u>\$ 26,927,719</u></b>	<b><u>\$ 62,777,276</u></b>	<b><u>\$ 37,744,507</u></b>	<b><u>\$ 26,872,261</u></b>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Liabilities</b>							
Accounts payable	\$ 5,821	\$ -	\$ -	\$ -	\$ -	\$ 3,000	\$ -
Accrued interest payable	-	383,647	309,224	397,758	1,186,374	937,849	512,419
Due to Georgia Southern University	-	2,050,624	310,340	-	48,600	-	-
Due to related parties	-	-	2,093,175	-	-	-	-
Deferred gains on capital leases	-	-	69,005	-	-	-	-
Bonds payable	-	21,865,249	20,625,476	24,013,655	54,387,434	37,692,718	24,690,381
<b>Total liabilities</b>	<b><u>5,821</u></b>	<b><u>24,299,520</u></b>	<b><u>23,407,220</u></b>	<b><u>24,411,413</u></b>	<b><u>55,622,408</u></b>	<b><u>38,633,567</u></b>	<b><u>25,202,800</u></b>
<b>Net Assets</b>							
Net assets without donor restrictions	<u>10,741,627</u>	<u>7,170,953</u>	<u>2,260,463</u>	<u>2,516,306</u>	<u>7,154,868</u>	<u>(889,060)</u>	<u>1,669,461</u>
<b>Total net assets</b>	<b><u>10,741,627</u></b>	<b><u>7,170,953</u></b>	<b><u>2,260,463</u></b>	<b><u>2,516,306</u></b>	<b><u>7,154,868</u></b>	<b><u>(889,060)</u></b>	<b><u>1,669,461</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 10,747,448</u></b>	<b><u>\$ 31,470,473</u></b>	<b><u>\$ 25,667,683</u></b>	<b><u>\$ 26,927,719</u></b>	<b><u>\$ 62,777,276</u></b>	<b><u>\$ 37,744,507</u></b>	<b><u>\$ 26,872,261</u></b>

**GEORGIA SOUTHERN UNIVERSITY**  
**HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Consolidating Statements of Financial Position*  
*June 30, 2019*

	<u>Armstrong Center, LLC</u>	<u>ASU Student Union, LLC</u>	<u>University Terrace, LLC</u>	<u>ASU Cedar Grove, LLC</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>						
Cash	\$ 239,164	\$ 210,602	\$ 225,972	\$ 43,048	\$ -	\$ 2,244,047
Restricted cash	2,152,533	362,529	-	-	-	33,037,849
Accrued interest receivable	-	-	-	-	-	32,438
Receivables	-	-	-	-	-	-
Other	12,300	-	-	-	-	12,300
Due from other related parties	-	-	-	-	(2,093,175)	-
Investments	-	-	-	-	-	6,327,002
Prepaid expenses	583	-	-	-	-	14,555
Investment in subsidiary	-	-	-	-	(1,396,417)	-
Net investment in direct financing leases	11,124,389	21,986,905	-	-	-	213,117,609
Property, plant and equipment, net of accumulated depreciation	-	-	-	1,330,000	-	1,620,000
<b>Total Assets</b>	<u>\$ 13,528,969</u>	<u>\$ 22,560,036</u>	<u>\$ 225,972</u>	<u>\$ 1,373,048</u>	<u>\$ (3,489,592)</u>	<u>\$ 256,405,800</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Liabilities</b>						
Accounts payable	\$ 697	\$ -	\$ -	\$ -	\$ -	\$ 9,518
Accrued interest payable	38,020	34,413	-	-	-	3,799,704
Other liabilities	10,558	-	-	-	-	10,558
Due to Georgia Southern University	-	-	-	-	-	2,409,564
Due to related parties	-	-	-	-	(2,093,175)	-
Deferred gains on capital leases	-	-	-	-	-	69,005
Bonds payable	11,522,977	22,477,796	-	-	-	217,275,686
<b>Total liabilities</b>	<u>11,572,252</u>	<u>22,512,209</u>	<u>-</u>	<u>-</u>	<u>(2,093,175)</u>	<u>223,574,035</u>
<b>Net Assets</b>						
Net assets without donor restrictions	1,956,717	47,827	225,972	1,373,048	-	(1,396,417)
<b>Total net assets</b>	<u>1,956,717</u>	<u>47,827</u>	<u>225,972</u>	<u>1,373,048</u>	<u>-</u>	<u>(1,396,417)</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 13,528,969</u>	<u>\$ 22,560,036</u>	<u>\$ 225,972</u>	<u>\$ 1,373,048</u>	<u>\$ (3,489,592)</u>	<u>\$ 256,405,800</u>



**GEORGIA SOUTHERN UNIVERSITY**  
**HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Consolidating Statements of Activities*  
*For the Year Ended June 30, 2019*

	Georgia Southern University Housing Foundation, Inc.	Georgia Southern University Housing Foundation One, LLC	Georgia Southern University Housing Foundation Two, LLC	Georgia Southern University Housing Foundation Three, LLC	Georgia Southern University Housing Foundation Four, LLC	Georgia Southern University Housing Foundation Five, LLC	Georgia Southern University Housing Foundation Six, LLC
<b>REVENUES, GAINS AND OTHER SUPPORT</b>							
Fee income	\$ 439,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital lease income							
Gain on capital leases	-	-	6,226	-	-	-	-
Lease interest	-	1,235,048	1,033,900	723,384	1,947,522	2,450,530	1,239,407
Replacement reserve income	-	-	200,964	281,395	561,697	423,569	117,950
Interest and dividends, net of investment expenses	143,369	79,145	12,337	59,004	96,017	791	4,082
Realized gains (losses) on investments	320,240	-	-	-	-	-	-
Unrealized gains (losses) on investments	(133,091)	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-
Other revenues	16	-	-	-	-	2,885	-
	<u>770,164</u>	<u>1,314,193</u>	<u>1,253,427</u>	<u>1,063,783</u>	<u>2,605,236</u>	<u>2,877,775</u>	<u>1,361,439</u>
Total revenues, gains and other support							
<b>EXPENSES</b>							
Dues and fees	900	3,549	3,547	10,805	19,403	12,101	9,006
Foundation fees	-	35,822	15,000	15,918	133,086	122,987	57,964
Insurance	9,603	-	-	-	-	-	-
Interest expense							
Interest on bonds	-	925,958	745,575	959,269	2,372,750	1,875,695	1,024,835
Amortization of original issue discount	-	-	-	6,741	-	9,471	-
Accretion of original issue premium	-	(222,535)	(85,179)	(164,823)	(394,103)	-	(34,431)
Amortization of cost of issuance	-	44,690	26,038	31,386	29,238	24,170	26,153
Professional services	96,494	63,012	1,400	1,400	65,242	13,215	1,400
Rental expenses	-	-	-	-	-	-	-
Repair and replacement expenses	-	64,747	314,817	272,195	106,020	(160)	-
Other administrative expenses	7,964	-	-	-	-	-	-
Other expense	-	-	-	-	-	-	-
Gift / Transfer to Georgia Southern University	545,375	-	-	-	-	-	-
	<u>660,336</u>	<u>915,243</u>	<u>1,021,198</u>	<u>1,132,891</u>	<u>2,331,636</u>	<u>2,057,479</u>	<u>1,084,927</u>
Total expenses							
<b>CHANGE IN NET ASSETS</b>	109,828	398,950	232,229	(69,108)	273,600	820,296	276,512
<b>NET ASSETS, beginning of year</b>	10,631,286	6,367,003	2,266,775	2,585,414	6,881,268	(1,709,356)	1,392,949
<b>CAPITAL CONTRIBUTIONS</b>	(405,000)	405,000	-	-	-	-	-
<b>DISTRIBUTIONS</b>	405,513	-	(238,541)	-	-	-	-
<b>NET ASSETS, end of year</b>	<u>\$ 10,741,627</u>	<u>\$ 7,170,953</u>	<u>\$ 2,260,463</u>	<u>\$ 2,516,306</u>	<u>\$ 7,154,868</u>	<u>\$ (889,060)</u>	<u>\$ 1,669,461</u>

**GEORGIA SOUTHERN UNIVERSITY**  
**HOUSING FOUNDATION, INC. AND SUBSIDIARIES**  
*Consolidating Statements of Activities*  
*For the Year Ended June 30, 2019*

	<u>Armstrong Center, LLC</u>	<u>ASU Student Union, LLC</u>	<u>University Terrace, LLC</u>	<u>ASU Cedar Grove, LLC</u>	<u>Eliminating Entries</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT</b>						
Fee income	\$ -	\$ -	\$ -	\$ -	\$ (439,630)	\$ -
Capital lease income						
Gain on capital leases	-	-	-	-	-	6,226
Lease interest	479,240	838,766	-	-	-	9,947,797
Replacement reserve income	89,813	42,436	-	-	-	1,717,824
Interest and dividends, net of investment expenses	21,739	14,463	277	46	-	431,270
Realized gains (losses) on investments	-	-	-	-	-	320,240
Unrealized gains (losses) on investments	-	-	-	-	-	(133,091)
Rental income	151,725	-	796,344	12,000	-	960,069
Other revenues	-	-	-	-	-	2,901
	<u>742,517</u>	<u>895,665</u>	<u>796,621</u>	<u>12,046</u>	<u>(439,630)</u>	<u>13,253,236</u>
Total revenues, gains and other support						
<b>EXPENSES</b>						
Dues and fees	50	50	125	50	-	59,586
Foundation fees	15,625	43,228	-	-	(439,630)	-
Insurance	-	-	-	-	-	9,603
Interest expense						
Interest on bonds	462,000	847,608	-	-	-	9,213,690
Amortization of original issue discount	-	-	-	-	-	16,212
Accretion of original issue premium	(42,611)	(100,548)	-	-	-	(1,044,230)
Amortization of cost of issuance	15,863	15,658	-	-	-	213,196
Professional services	20,414	26,522	31,631	2,500	-	323,230
Rental expenses	-	-	700,150	-	-	700,150
Repair and replacement expenses	192,198	19,702	1,681	-	-	971,200
Other administrative expenses	-	-	-	-	-	7,964
Other expense	15,921	-	-	-	-	15,921
Gift / Transfer to Georgia Southern University	-	-	-	-	-	545,375
	<u>679,460</u>	<u>852,220</u>	<u>733,587</u>	<u>2,550</u>	<u>(439,630)</u>	<u>11,031,897</u>
Total expenses						
<b>CHANGE IN NET ASSETS</b>	63,057	43,445	63,034	9,496	-	2,221,339
<b>NET ASSETS, beginning of year</b>	2,035,269	4,382	188,301	1,363,552	(1,396,417)	30,610,426
<b>CAPITAL CONTRIBUTIONS</b>	-	-	-	-	-	-
<b>DISTRIBUTIONS</b>	(141,609)	-	(25,363)	-	-	-
<b>NET ASSETS, end of year</b>	<u>\$ 1,956,717</u>	<u>\$ 47,827</u>	<u>\$ 225,972</u>	<u>\$ 1,373,048</u>	<u>\$ (1,396,417)</u>	<u>\$ 32,831,765</u>