

**GEORGIA SOUTHERN UNIVERSITY
ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Georgia Southern University Athletic Foundation, Inc. and Subsidiary
Statesboro, Georgia**

We have audited the accompanying consolidated financial statements of **Georgia Southern University Athletic Foundation, Inc.** (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Georgia Southern University Athletic Foundation, Inc. and Subsidiary as of June 30, 2020 and 2019, 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.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities on pages 24 through 28 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 14, 2020

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 5,662,898	\$ 4,375,665
Restricted cash and cash equivalents - bond funds	1,810,757	1,802,687
Contributions receivable, net	3,249,351	3,679,637
Other receivables	43,000	150,186
Investments	2,236,024	1,891,223
Net investment in direct financing leases	19,478,185	19,904,720
Due from related parties	877,178	1,774,228
Prepaid expenses	3,916	3,916
Property and equipment, net	2,302,187	2,502,903
Other assets	22,345	11,154
TOTAL ASSETS	\$ 35,685,841	\$ 36,096,319
 <u>LIABILITIES AND NET ASSETS</u> 		
LIABILITIES		
Accounts payable	\$ 8,880	\$ 18,663
Accrued interest payable	456,325	412,506
Due to related party	368,796	242,202
Deferred revenue	325,822	1,174,787
Note payable	39,229	70,295
Bonds payable, net	20,150,753	20,673,404
Total liabilities	<u>21,349,805</u>	<u>22,591,857</u>
 NET ASSETS		
Without donor restrictions:		
Board-designated reserve fund	516,194	266,194
Undesignated	6,478,477	5,193,244
	<u>6,994,671</u>	<u>5,459,438</u>
With donor restrictions	7,341,365	8,045,024
Total net assets	<u>14,336,036</u>	<u>13,504,462</u>
TOTAL LIABILITIES AND NET ASSETS	\$ 35,685,841	\$ 36,096,319

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 3,167,953	\$ 618,724	\$ 3,786,677
Contributed services and materials	244,337	-	244,337
Contributed salaries and benefits by Georgia Southern University	861,128	-	861,128
Lease income from stadium suites	297,939	-	297,939
Interest income on direct financing leases	1,027,444	-	1,027,444
Special event income, net	30,902	1,006	31,908
Other interest income	23,623	45,802	69,425
Investment (loss), net of investment fees	-	(47,787)	(47,787)
Other income	179,994	64,801	244,795
Bad debt losses	(122,268)	(472,836)	(595,104)
Net assets released from donor restrictions	913,369	(913,369)	-
Total support and revenues	<u>6,624,421</u>	<u>(703,659)</u>	<u>5,920,762</u>
EXPENSES			
Program services:			
Student support	1,284,959	-	1,284,959
University support	2,121,768	-	2,121,768
Total program services	<u>3,406,727</u>	-	<u>3,406,727</u>
Supporting services:			
General and administrative	992,977	-	992,977
Fundraising	689,484	-	689,484
Total expenses	<u>5,089,188</u>	-	<u>5,089,188</u>
CHANGE IN NET ASSETS	1,535,233	(703,659)	831,574
NET ASSETS, BEGINNING OF YEAR	<u>5,459,438</u>	<u>8,045,024</u>	<u>13,504,462</u>
NET ASSETS, END OF YEAR	<u>\$ 6,994,671</u>	<u>\$ 7,341,365</u>	<u>\$ 14,336,036</u>

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions	\$ 2,017,847	\$ 1,379,030	\$ 3,396,877
Contributed services and materials	168,363	-	168,363
Contributed salaries and benefits by Georgia Southern University	901,017	-	901,017
Lease income from stadium suites	278,374	-	278,374
Interest income on direct financing leases	1,047,469	-	1,047,469
Special event (loss), net	40,607	29,100	69,707
Other interest income	27,970	42,415	70,385
Investment income, net of investment fees	-	33,757	33,757
Other income	131,308	132,398	263,706
Bad debt losses	(213,488)	(1,377,079)	(1,590,567)
Net assets released from donor restrictions	1,536,830	(1,536,830)	-
Total support and revenues	<u>5,936,297</u>	<u>(1,297,209)</u>	<u>4,639,088</u>
EXPENSES			
Program services:			
Student support	1,339,050	-	1,339,050
University support	2,620,588	-	2,620,588
Total program services	<u>3,959,638</u>	<u>-</u>	<u>3,959,638</u>
Supporting services:			
General and administrative	733,930	-	733,930
Fundraising	973,914	-	973,914
Total expenses	<u>5,667,482</u>	<u>-</u>	<u>5,667,482</u>
CHANGE IN NET ASSETS	268,815	(1,297,209)	(1,028,394)
NET ASSETS, BEGINNING OF YEAR	4,907,965	9,624,891	14,532,856
CHANGE IN DONOR INTENT	<u>282,658</u>	<u>(282,658)</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 5,459,438</u>	<u>\$ 8,045,024</u>	<u>\$ 13,504,462</u>

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Totals</u>
	<u>Student Support</u>	<u>University Support</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and benefits	\$ -	\$ 1,354	\$ 1,354	\$ 640,735	\$ 220,393	\$ 862,482
Scholarships	1,152,413	-	1,152,413	-	-	1,152,413
Facilities and maintenance	-	275,136	275,136	20	-	275,156
Professional fees	-	14,079	14,079	39,641	3,200	56,920
Marketing and advertising	-	139,858	139,858	2,551	286,751	429,160
Conference and travel	-	43,781	43,781	2,589	152,078	198,448
Supplies	-	50,718	50,718	265,472	22,728	338,918
Interest	-	832,894	832,894	2,706	-	835,600
Insurance	-	8,466	8,466	17,274	-	25,740
Other student support	132,546	-	132,546	-	-	132,546
Other personnel costs	-	532,397	532,397	17,714	4,165	554,276
Other	-	15,126	15,126	4,275	169	19,570
Total expenses before depreciation	<u>1,284,959</u>	<u>1,913,809</u>	<u>3,198,768</u>	<u>992,977</u>	<u>689,484</u>	<u>4,881,229</u>
Depreciation	<u>-</u>	<u>207,959</u>	<u>207,959</u>	<u>-</u>	<u>-</u>	<u>207,959</u>
Total expenses	<u>\$ 1,284,959</u>	<u>\$ 2,121,768</u>	<u>\$ 3,406,727</u>	<u>\$ 992,977</u>	<u>\$ 689,484</u>	<u>\$ 5,089,188</u>

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>			<u>Supporting Services</u>		2019 Totals
	<u>Student Support</u>	<u>University Support</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries and benefits	\$ -	\$ 2,258	\$ 2,258	\$ 424,115	\$ 483,480	\$ 909,853
Scholarships	1,003,000	-	1,003,000	-	-	1,003,000
Facilities and maintenance	-	827,679	827,679	36,008	-	863,687
Professional fees	-	35,145	35,145	43,449	-	78,594
Marketing and advertising	-	163,891	163,891	81	320,190	484,162
Conference and travel	-	36,483	36,483	10,810	136,645	183,938
Supplies	-	29,715	29,715	188,591	19,717	238,023
Interest	-	830,414	830,414	4,656	-	835,070
Insurance	-	13,414	13,414	10,411	-	23,825
Other student support	336,050	-	336,050	-	-	336,050
Other personnel costs	-	340,159	340,159	-	3,487	343,646
Other	-	1,173	1,173	15,809	10,395	27,377
Total expenses before depreciation	<u>1,339,050</u>	<u>2,280,331</u>	<u>3,619,381</u>	<u>733,930</u>	<u>973,914</u>	<u>5,327,225</u>
Depreciation	<u>-</u>	<u>340,257</u>	<u>340,257</u>	<u>-</u>	<u>-</u>	<u>340,257</u>
Total expenses	<u>\$ 1,339,050</u>	<u>\$ 2,620,588</u>	<u>\$ 3,959,638</u>	<u>\$ 733,930</u>	<u>\$ 973,914</u>	<u>\$ 5,667,482</u>

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
OPERATING ACTIVITIES		
Change in net assets	\$ 831,574	\$ (1,028,394)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	207,959	340,257
Bad debts and allowance for bad debts	595,104	1,590,567
Amortization of bond issuance costs	14,627	14,635
Amortization of original issue discount	12,722	12,733
Change in value of investments	47,787	(33,757)
(Increase) decrease in operating assets:		
Contributions receivable	(164,818)	(1,105,637)
Due from related parties	897,050	(1,452,903)
Prepaid expenses	-	2,000
Other receivables	107,186	(150,186)
Other assets	(11,191)	6,179
Increase (decrease) in operating liabilities:		
Accounts payable	(9,783)	(292,863)
Due to related party	126,594	242,202
Accrued interest payable	43,819	(8,472)
Accrued coaches buyout	-	(512,322)
Deferred revenue	(848,965)	685,813
	1,849,665	(1,690,148)
Net cash provided by (used in) operating activities		
INVESTING ACTIVITIES		
Purchases of investments	(392,588)	(109,466)
Principal received on net investments in direct financing leases	426,535	401,151
Purchases of property and equipment	(7,243)	-
	26,704	291,685
Net cash provided by investing activities		
FINANCING ACTIVITIES		
Payments on note payable	(31,066)	(28,663)
Payments on bonds payable	(550,000)	(530,000)
	(581,066)	(558,663)
Net cash (used in) financing activities		
Net increase (decrease) in cash and cash equivalents	1,295,303	(1,957,126)
Cash and cash equivalents, beginning of year	6,178,352	8,135,478
Cash and cash equivalents, end of year	\$ 7,473,655	\$ 6,178,352
Cash and cash equivalents	\$ 5,662,898	\$ 4,375,665
Restricted cash and cash equivalents - bond funds	1,810,757	1,802,687
Cash and cash equivalents, end of year	\$ 7,473,655	\$ 6,178,352
SUPPLEMENTAL DATA FOR FINANCING ACTIVITIES		
Interest paid (excluding capitalized interest)	\$ 835,600	\$ 835,070

See Notes to Consolidated Financial Statements.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Georgia Southern University Athletic Foundation, Inc. (the “Foundation”) is an independent, nonprofit corporation organized for the purpose of promoting the athletic programs at Georgia Southern University. The Foundation’s support comes primarily from donor contributions.

Consolidated Financial Statements

The accompanying consolidated financial statements include the accounts of Georgia Southern University Athletic Foundation, Inc. and its wholly-owned subsidiary, Stadium Construction, LLC. All significant intra-organization transactions and balances have been eliminated in consolidation.

Stadium Construction, LLC was formed in 2013 to oversee the Allen E. Paulson Stadium expansion project and construction of a new football operations building. The stadium expansion project has increased stadium seating capacity by approximately 6,500 seats and modified and added restrooms, a concession center, and related amenities. The football operations building is approximately 50,000 square feet and houses offices, team meeting rooms, locker rooms, rehabilitation rooms, a weight room, a hall of fame, and related amenities. The construction projects were completed in August 2014.

Method of Accounting

The consolidated financial statements of the Foundation have been prepared utilizing the accrual basis of accounting.

Cash Concentration

The Foundation maintains cash balances at a reputable financial institution. Cash balances are insured by the FDIC for up to \$250,000. Cash balances can exceed the FDIC insurance limit, however, management does not believe it is exposed to significant credit risk on its account.

Property and Equipment

Property and equipment are capitalized at cost. It is the Foundation’s policy to capitalize property and equipment costing in excess of \$1,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Description	Lives
Buildings and improvements	15 to 40 years
Furniture and equipment	3 to 7 years

Bond Issuance Costs

Bond issuance costs include the underwriter’s discount and other related costs of the bond issuance. These amounts are being amortized over the term of the bonds. Amortization expense of \$14,627 and \$14,635 for the years ended June 30, 2020 and 2019, respectively, is included in interest expense on the statements of activities.

Bond Discounts

Bond discounts are presented as a decrease of the face amount of bonds payable. The discount is amortized over the term of the bond using the effective interest method.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Deferred Revenue

Deferred revenue represents the receipt of football stadium suites payments for the upcoming football season.

Net Investment in Direct-Financing Leases

The Foundation leases real estate to the University. The leases are accounted for as direct-financing type leases. The present value of the minimum lease payments is recorded as an asset and is amortized as payments are received. The difference between gross minimum lease payments and the present value of the gross minimum lease payments is recorded as unearned income and is amortized as payments are received.

Contributions

Contributions received are recorded as support with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in net assets with donor restrictions.

Contributions receivable due in the next year are recorded at their net realizable value. Contributions receivable due in subsequent years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises to give are received to discount the amounts.

The allowance for doubtful accounts is based on specifically identified amounts that the Foundation believes to be uncollectible, plus certain percentages of aged receivables, which are determined based on historical experience and management's assessment of the general financial conditions affecting the Foundation's donor base. If actual collections experience changes, revisions to the allowance may be required.

Contributed Services and Materials

Contributed services and materials are reflected in the consolidated financial statements at the fair value of the services or materials received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Endowment Accounting

Perpetual endowment funds are subject to the restrictions of the gift instruments which require that the principal be invested in perpetuity. Unless explicitly stated in the gift instrument, accumulated investment income and realized and unrealized gains of the perpetual endowment funds have been classified as net assets with donor restrictions. Transfers reflect a change in donor intent. See Note 12 for discussion on endowment accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes there are classified and reported as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Net Assets (Continued)

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. 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. Donor-imposed restrictions are released when a 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.

Investments

Investments, including investments held by the Trustee, consist primarily of money market accounts, mutual funds, fixed income securities, and equity securities and are carried at fair value. Investment fees incurred totaled \$3,027 and \$2,636 for the years ended June 30, 2020 and 2019, respectively.

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

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

Use of Estimates

The Foundation prepares its consolidated financial statements in accordance with generally accepted accounting principles which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Investments - Investments are carried at fair value based on quoted market prices for those or similar investments.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Fair Value of Financial Instruments (Continued)

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

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

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

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

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

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

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

For the years ended June 30, 2020 and 2019, the fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

Functional Allocation of Expenses

The Foundation reports certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and benefits, professional fees, marketing and advertising, conference and travel, supplies and other expenses include certain expenses that are allocated on the basis of estimates of time and effort. Facilities and maintenance expenses include certain expenses that are allocated on a square footage basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Income Tax Status

The Foundation qualifies as a tax-exempt organization as described in the Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination.

Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's tax-exempt status would not have a material effect on the Foundation's consolidated financial statements.

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

The Tax Reform Act of 1986 requires governmental organizations issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental organizations must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Organizations are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. The Foundation reports arbitrage (other debt service) expenditures when the liability is due.

Recent Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606) affects contracts with customers to transfer goods or services and contracts for the transfer of non-financial assets (unless those contracts are within the scope of other standards). The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the good or services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue.

For the year ending June 30, 2020, the Foundation adopted ASU 2014-09 and has adjusted the presentation in these consolidated financial statements accordingly. The Foundation recognizes certain sponsorships of special events in accordance with ASC Topic 606, which is recognized at the time the special events take place and the transaction is executed, as that is the point in time the Foundation fulfills the performance obligation. The Foundation also recognizes suite income in accordance with ASC Topic 606, which is recognized at the time the event for which the suite is used takes place, as that is the point in time in which the Foundation fulfills the performance obligation.

In June 2018, FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and establishes standards for characterizing grants and similar contracts with resource providers as contributions (nonreciprocal) subject to ASC Topic 958, or as exchange transactions (reciprocal) subject to ASC Topic 606.

For the year ending June 30, 2020, the Foundation adopted ASU 2018-08 and has adjusted the presentation in these financial statements accordingly. The Foundation recognizes contributions in the accompanying statements of activities in accordance with ASC Topic 958. The adoption of ASU 2018-08 caused contributions previously deferred to be recognized in accordance with the provisions of the ASU.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Recent Accounting Pronouncements (Continued)

In November 2016, FASB issued Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash*. The update requires that the consolidated statement of cash flows explains the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash and cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning of year and end of year cash total amounts shown on the consolidated statement of cash flows. The Foundation already accounted for restricted cash in this manner on its statement of cash flows so this update did not have an effect on previous presentations in the consolidated statement of cash flows. This adjustment also did not have an effect on total net assets or the change in net assets.

NOTE 2. RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and cash equivalents consists of unspent bond proceeds which are to be used for capitalized interest payments, maintenance of the required debt service reserve, and costs associated with the capital projects for which the bonds were issued.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statements of financial position date, June 30, 2020 and 2019, respectively, because of contractual or donor-imposed restrictions or internal designations.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,621,804	\$ 714,721
Contributions receivable, net	509,635	564,397
Due from related parties	877,178	1,774,228
Other receivables	43,000	-
	<u>\$ 4,051,617</u>	<u>\$ 3,053,346</u>

The board-designated reserve fund of \$516,194 and \$266,194 as of June 30, 2020 and 2019, respectively, is not included in the liquidity figure shown above and can be used at the board's discretion based upon needs of the Foundation. Although the Foundation does not intend to spend from this board-designated reserve fund except as otherwise included in budgeted amounts, these funds could be made available if necessary.

The Foundation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. Cash needs of the Foundation are expected to be met on a monthly basis. In general, the Foundation maintains sufficient financial assets on hand to meet 30 days of normal operating expenses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Receivable in less than one year	\$ 618,996	\$ 2,359,853	\$ 2,978,849
Receivable in one to five years	737,144	527,454	1,264,598
Total contributions receivable	1,356,140	2,887,307	4,243,447
Less discounts to net present value at 3.25%	(61,674)	(39,476)	(101,150)
Less allowance for uncollectibles	(109,362)	(783,584)	(892,946)
Net contributions receivable	\$ 1,185,104	\$ 2,064,247	\$ 3,249,351

Contributions receivable at June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Receivable in less than one year	\$ 564,397	\$ 2,060,674	\$ 2,625,071
Receivable in one to five years	530,133	2,494,379	3,024,512
Total contributions receivable	1,094,530	4,555,053	5,649,583
Less discounts to net present value at 4%	(43,706)	(228,104)	(271,810)
Less allowance for uncollectibles	(130,238)	(1,567,898)	(1,698,136)
Net contributions receivable	\$ 920,586	\$ 2,759,051	\$ 3,679,637

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Land – Golf practice facility	\$ 80,301	\$ 80,301
Golf practice facility	1,660,714	1,660,714
Furniture and equipment	2,422,731	2,415,487
	4,163,746	4,156,502
Less: accumulated depreciation	(1,861,559)	(1,653,599)
Property and equipment, net	\$ 2,302,187	\$ 2,502,903

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. INVESTMENT IN DIRECT-FINANCING LEASES

Stadium Construction, LLC has entered into separate rental agreements with the Board of Regents, a related party, for the stadium expansion project and football operations building. The agreement term periods will commence on the first day of the first month following the issuance of a certificate of occupancy which were issued during the year ended June 30, 2015 for both projects. The Board of Regents has the option to renew or extend the agreements on a year to year basis for 28 consecutive years until June 30, 2043. At the termination of the lease, the Foundation will convey its title in these projects to the Board of Regents.

Following is a summary of the components of the Foundation's net investment in direct-financing type leases at June 30, 2020 and 2019:

	2020	2019
Total minimum lease payments to be received	\$ 33,095,136	\$ 34,520,132
Less unearned income	(13,616,951)	(14,615,412)
Net investment	\$ 19,478,185	\$ 19,904,720

Net minimum lease payments to be received as of June 30, 2020 for each of the next five years and thereafter are:

June 30,		
2021		\$ 448,687
2022		472,505
2023		497,897
2024		524,028
2025		553,494
2026-2030		3,240,753
2031-2035		4,218,124
2036-2040		5,485,659
2041-2043		4,037,038
		\$ 19,478,185

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 62,494	\$ -	\$ -	\$ 62,494
Mutual funds	1,454,819	-	-	1,454,819
Equity securities	<u>718,711</u>	-	-	<u>718,711</u>
Total assets at fair value	<u>\$ 2,236,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,236,024</u>

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 30,001	\$ -	\$ -	\$ 30,001
Mutual funds	1,181,238	-	-	1,181,238
Equity securities	<u>679,984</u>	-	-	<u>679,984</u>
Total assets at fair value	<u>\$ 1,891,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,891,223</u>

The Foundation has adopted investment and spending policies for endowment investments that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Under this policy, as approved by the Finance Committee of the Board of Directors, the endowment investments are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar asset classes while assuming a moderate level of investment risk.

The pooled diversified funds, broken out by natural classification above, are part of the Board of Regents of the University System of Georgia's investment pool, which is not registered with the Securities and Exchange Commission as an investment company. The fair value of the investment pool is determined daily. The investment pool does not issue shares. Each participant enters the investment pool voluntarily and is allocated a pro rata share of each investment that is selected at fair value along with a pro rata share of the income each investment earns.

The pooled diversified funds include investments in funds that invest primarily in money markets, mutual funds, and equity securities. There are no unfunded commitments, lockout periods, or redemption terms as of June 30, 2020 or 2019. The pooled diversified funds are considered to mature within a year.

NOTE 8. NOTE PAYABLE

	<u>2020</u>	<u>2019</u>
Note payable to a financial institution, payable in annual installments of \$34,711 including interest at a variable rate (3.25% and 5.25% at June 30, 2020 and 2019, respectively), through January 25, 2021, secured by golf practice facility	<u>\$ 39,229</u>	<u>\$ 70,295</u>

Following are the maturities of the note payable for each of the next two years and in the aggregate:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2021	<u>\$ 39,229</u>
	<u>\$ 39,229</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. BONDS PAYABLE

During the year ended June 30, 2013, the Development Authority of Bulloch County (Development Authority) issued \$23,360,000 of Revenue Bonds (Stadium Construction, LLC project), Series 2013. Pursuant to the Loan Agreement and Assignment of Gross Revenues and Certain Agreements and Accounts, bond sale proceeds were loaned to Stadium Construction, LLC, to finance or reimburse the cost of the Allen E. Paulson Stadium expansion project and new football operations building construction, fund capitalized interest on and a debt service reserve fund for the Series 2013 Bonds, and pay the costs of issuing the Series 2013 Bonds. Stadium Construction, LLC assigned its gross revenues to the trustee, Branch Banking and Trust Company.

Stadium Construction, LLC granted the Development Authority first lien on and first security title to its leasehold interests in real property connected to the construction projects, granted security interest in personal property considered part of the construction projects, assigned its interests in the construction and design contracts for the project, and assigned certain revenue to be derived from the construction projects through a Leasehold Deed to Secure Debt.

Pursuant to a Trust Indenture, the Development Authority assigned its rights to the trustee, Branch Banking and Trust Company, on behalf of the bondholders.

Serial and term bonds were issued with interest rates ranging from 2% to 4.25% and mature in varying amounts beginning July 1, 2015 through July 1, 2043. Interest payments are due semi-annually on January 1st and July 1st beginning July 1, 2013.

Following are the maturities of the bonds for each of the next five years and in the aggregate:

Year Ending June 30,	Amount
2021	\$ 570,000
2022	580,000
2023	590,000
2024	610,000
2025	630,000
2026-2030	3,480,000
2031-2035	4,220,000
2036-2040	5,150,000
2041-2044	4,950,000
	20,780,000
Less unamortized discount	(292,610)
Less unamortized debt issuance costs	(336,637)
Total bonds payable, net	\$ 20,150,753

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2020 and 2019:

	2020	2019
Subject to expenditure for specified purpose:		
Scholarships	\$ 695,032	\$ 1,073,175
Scholarships and other athletic department priorities	1,103,869	1,100,272
Football operations complex and other capital improvements	1,589,711	1,561,845
Athletic department support for designated sports	364,641	396,127
Promises to give, the proceeds from which have been restricted by donors for:		
Scholarships and other athletic department support	418,733	672,135
Football operations complex and other capital improvements	1,452,822	1,329,007
Athletic department support for designated sports	71,479	585,592
	5,696,287	6,718,153
Endowments:		
Subject to appropriation and expenditure when a specified event occurs:		
Scholarships	142,983	176,101
Subject to endowment spending policy:		
Scholarships	1,130,882	878,463
Capital improvements	250,000	100,000
Unconditional promises to give, net – restricted for endowment	121,213	172,307
	1,645,078	1,326,871
	\$ 7,341,365	\$ 8,045,024

Net assets with donor restrictions consist of the following as of June 30, 2020 and 2019:

	2020	2019
Cash and cash equivalents	\$ 3,041,094	\$ 3,394,750
Investments	2,236,024	1,891,223
Contributions receivable, net	2,064,247	2,759,051
	\$ 7,341,365	\$ 8,045,024

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions were released for the following purposes during the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Scholarships and other athletic department priorities	\$ 368,077	\$ 157,336
Football operations complex and other capital improvements	239,112	55,922
Athletic department support for designated sports	<u>306,180</u>	<u>1,323,572</u>
	<u>\$ 913,369</u>	<u>\$ 1,536,830</u>

During the year ended June 30, 2019, the Foundation obtained a change in donor intent regarding contributions previously recorded, resulting in transfers from net assets without donor restrictions to net assets with donor restrictions in the amount of \$282,658.

NOTE 11. BOARD DESIGNATED NET ASSETS

In August 2012, the executive committee of the Board of Directors authorized the establishment of a debt service/continuity reserve fund to enhance the future financial stability of the Foundation. The Foundation reserve had a balance of \$266,194 and \$266,194 at June 30, 2020 and 2019, respectively. In July 2018, the executive committee of the Board of Directors authorized a portion of funds to be received at a future date to be designated specifically for the Transition 20 project. This specific board-designated fund had a balance of \$250,000 and \$0 at June 30, 2020 and 2019, respectively. Total board designated net assets at June 30, 2020 and 2019 is \$516,194 and \$266,194, respectively. During the years ended June 30, 2020 and 2019, \$0 and \$237,675, respectively, was undesignated by the Board of Directors to use for purposes without donor or other restrictions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. ENDOWMENT

The Foundation's endowments consist of approximately 40 individual funds established primarily for scholarships and University support. Its endowments include only donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions: (1) the original value of gifts donated to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restrictions available for expenditure until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are generally reported in net assets with donor restriction; however, there are no funds with deficiencies to report as of June 30, 2020 and 2019.

Return Objectives and Risk Parameters

The Foundation is adopting investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Investment Committee of the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar assets classes while assuming a moderate level of investment risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's Investment Committee of the Board of Directors (the "Committee") determines the method to be used to appropriate endowment funds for expenditure. The Foundation has implemented a spending policy whereby a certain percentage of the fair value of endowment net assets may be distributed for purposes of supporting donor restricted activities. The spending policy defines eligible assets, or seasoned assets, as those that have a current market value greater than or equal to 110% of the corpus balance. The spending policy restricts authorized expenditures for seasoned assets shall be limited to 4.25% of the average market value of the assets over a trailing twelve quarter period as of December 31. The Foundation shall not make distributions from ineligible, or unseasoned assets, as defined in the spending policy.

The Changes in Endowment Net Assets for the year ended June 30, 2020 are:

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,326,871
Investment return:	
Net depreciation (realized and unrealized)	(19,699)
Total investment return (loss)	(19,699)
Transfers	275,678
Contributions	62,228
Endowment net assets, end of year	\$ 1,645,078

The Changes in Endowment Net Assets for the year ended June 30, 2019 are:

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019

	With Donor Restrictions
Endowment net assets, beginning of year	\$ 1,476,819
Investment return:	
Net appreciation (realized and unrealized)	45,079
Total investment return	45,079
Contributions	79,550
Bad debt allowances on contributions	(274,577)
Endowment net assets, end of year	\$ 1,326,871

The portion of perpetual endowment funds that is required to be retained in perpetuity either by explicit donor stipulations or by UPMIFA totaled \$1,344,836 and \$978,463 at June 30, 2020 and 2019, respectively. The portion of perpetual endowment funds subject to a time and purpose restriction under UPMIFA totaled \$136,770 and \$176,101 at June 30, 2020 and 2019, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13. CASH VALUE OF INSURANCE ON LIFE OF DONOR

The Foundation has a program of encouraging donors to purchase life insurance policies naming the Foundation as the owner and beneficiary. At June 30, 2020 and 2019, the death benefits of this policy totaled \$400,000. The increase in cash values of such policies is recognized as income each year. The cash value of the policy is \$22,345 and \$11,154, respectively, at June 30, 2020 and 2019. No recognition is given to the deferred support attributable to death benefits because there is no objective measurement to determine how much will ultimately be collected.

NOTE 14. CONTRIBUTED SERVICES AND MATERIALS

Contributed services and materials were used for the following purposes for the year ended June 30, 2020:

Georgia Southern University Athletic Department Support	\$	244,337
Salaries and benefits provided by Georgia Southern University		<u>861,128</u>
	\$	<u>1,105,465</u>

Contributed services and materials were used for the following purposes for the year ended June 30, 2019:

Georgia Southern University Athletic Department Support	\$	168,363
Salaries and benefits provided by Georgia Southern University		<u>901,017</u>
	\$	<u>1,069,380</u>

NOTE 15. RELATED PARTY TRANSACTIONS

The Foundation maintains checking accounts and loan accounts at two separate banks in which board members are actively involved in the management and operations of those banks.

NOTE 16. COMMITMENTS AND GUARANTEES

In the normal course of operations, the Foundation is a party to agreements in which it acts as a guarantor on certain coach contracts. Under these contracts, the Foundation has guaranteed to fulfill the terms of those contracts in the event that the University is unable to meet the terms of the contracts. The actual amount of the guarantee cannot be determined until the University is unable to fulfill the terms of specific contracts.

NOTE 17. EFFECTS OF COVID-19 CORONAVIRUS

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the change in net assets of the Foundation. Other financial impacts could occur though the extent of potential impact is unknown at this time.

NOTE 18. SUBSEQUENT EVENTS

Management has evaluated events occurring through September 14, 2020, the date the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020**

	Georgia Southern University Athletic Foundation, Inc.	Stadium Construction, LLC	Eliminating Entries	Consolidated Georgia Southern University Athletic Foundation, Inc.
ASSETS				
Cash and cash equivalents	\$ 5,610,189	\$ 52,709	\$ -	\$ 5,662,898
Restricted cash and cash equivalents - bond funds	-	1,810,757	-	1,810,757
Contributions receivable, less allowance for doubtful pledges of \$892,946 and present value discount of \$101,150	3,249,351	-	-	3,249,351
Other receivables	43,000	-	-	43,000
Investments	2,236,024	-	-	2,236,024
Net investment in direct financing leases	-	19,478,185	-	19,478,185
Due from related party	877,178	-	-	877,178
Prepaid expenses	-	3,916	-	3,916
Property and equipment, net of accumulated depreciation of \$1,861,559	2,302,187	-	-	2,302,187
Other assets	22,595	-	(250)	22,345
TOTAL ASSETS	\$ 14,340,524	\$ 21,345,567	\$ (250)	\$ 35,685,841
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 5,880	\$ 3,000	\$ -	\$ 8,880
Accrued interest payable	53,552	402,773	-	456,325
Due to related party	368,796	-	-	368,796
Deferred revenue	325,822	-	-	325,822
Note payable	39,229	-	-	39,229
Bonds payable, net	-	20,150,753	-	20,150,753
Total liabilities	793,279	20,556,526	-	21,349,805
NET ASSETS				
Without donor restrictions:				
Board-designated reserve fund	516,194	-	-	516,194
Undesignated	5,689,686	789,041	(250)	6,478,477
Total without donor restrictions	6,205,880	789,041	(250)	6,994,671
With donor restrictions	7,341,365	-	-	7,341,365
Total net assets	13,547,245	789,041	(250)	14,336,036
TOTAL LIABILITIES AND NET ASSETS	\$ 14,340,524	\$ 21,345,567	\$ (250)	\$ 35,685,841

See Note to Supplemental Information.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019**

	Georgia Southern University Athletic Foundation, Inc.	Stadium Construction, LLC	Eliminating Entries	Consolidated Georgia Southern University Athletic Foundation, Inc.
ASSETS				
Cash and cash equivalents	\$ 4,333,475	\$ 42,190	\$ -	\$ 4,375,665
Restricted cash and cash equivalents - bond funds	-	1,802,687	-	1,802,687
Contributions receivable, less allowance for doubtful pledges of \$1,698,136 and present value discount of \$271,810	3,679,637	-	-	3,679,637
Other receivables	150,186	-	-	150,186
Investments	1,891,223	-	-	1,891,223
Net investment in direct financing leases	-	19,904,720	-	19,904,720
Due from related party	1,774,228	-	-	1,774,228
Prepaid expenses	-	3,916	-	3,916
Property and equipment, net of accumulated depreciation of \$1,653,599	2,502,903	-	-	2,502,903
Other assets	11,404	-	(250)	11,154
	\$ 14,343,056	\$ 21,753,513	\$ (250)	\$ 36,096,319
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 15,663	\$ 3,000	\$ -	\$ 18,663
Accrued interest payable	1,483	411,023	-	412,506
Due to related party	242,202	-	-	242,202
Deferred revenue	1,174,787	-	-	1,174,787
Note payable	70,295	-	-	70,295
Bonds payable, net	-	20,673,404	-	20,673,404
Total liabilities	1,504,430	21,087,427	-	22,591,857
NET ASSETS				
Without donor restrictions:				
Board-designated reserve fund	266,194	-	-	266,194
Undesignated	4,527,408	666,086	(250)	5,193,244
Total without donor restrictions	4,793,602	666,086	(250)	5,459,438
With donor restrictions	8,045,024	-	-	8,045,024
Total net assets	12,838,626	666,086	(250)	13,504,462
TOTAL LIABILITIES AND NET ASSETS	\$ 14,343,056	\$ 21,753,513	\$ (250)	\$ 36,096,319

See Note to Supplemental Information.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	Georgia Southern University Athletic Foundation, Inc.			Stadium Construction, LLC		Eliminating Entries	Consolidated Georgia Southern University Athletic Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES									
Contributions	\$ 3,167,953	\$ 618,724	\$ 3,786,677	\$ -	\$ -	\$ -	\$ 3,167,953	\$ 618,724	\$ 3,786,677
Contributed services and materials	244,337	-	244,337	-	-	-	244,337	-	244,337
Contributed salaries and benefits by Georgia Southern University	861,128	-	861,128	-	-	-	861,128	-	861,128
Lease income from stadium suites	297,939	-	297,939	-	-	-	297,939	-	297,939
Interest income on direct financing lease	-	-	-	1,027,444	1,027,444	-	1,027,444	-	1,027,444
Special event income, net	30,902	1,006	31,908	-	-	-	30,902	1,006	31,908
Other interest income	12,961	45,802	58,763	10,662	10,662	-	23,623	45,802	69,425
Investment (loss), net of investment fees	-	(47,787)	(47,787)	-	-	-	-	(47,787)	(47,787)
Other	214,772	64,801	279,573	-	-	(34,778)	179,994	64,801	244,795
Bad debt losses	(122,268)	(472,836)	(595,104)	-	-	-	(122,268)	(472,836)	(595,104)
Net assets released from donor restrictions	913,369	(913,369)	-	-	-	-	913,369	(913,369)	-
Total support and revenues	<u>5,621,093</u>	<u>(703,659)</u>	<u>4,917,434</u>	<u>1,038,106</u>	<u>1,038,106</u>	<u>(34,778)</u>	<u>6,624,421</u>	<u>(703,659)</u>	<u>5,920,762</u>
EXPENSES									
Program services:									
Student support	1,284,959	-	1,284,959	-	-	-	1,284,959	-	1,284,959
University support	1,276,173	-	1,276,173	880,373	880,373	(34,778)	2,121,768	-	2,121,768
Total program services	<u>2,561,132</u>	<u>-</u>	<u>2,561,132</u>	<u>880,373</u>	<u>880,373</u>	<u>(34,778)</u>	<u>3,406,727</u>	<u>-</u>	<u>3,406,727</u>
Supporting services:									
General and administrative	958,199	-	958,199	34,778	34,778	-	992,977	-	992,977
Fundraising	689,484	-	689,484	-	-	-	689,484	-	689,484
Total expenses	<u>4,208,815</u>	<u>-</u>	<u>4,208,815</u>	<u>915,151</u>	<u>915,151</u>	<u>-</u>	<u>5,089,188</u>	<u>-</u>	<u>5,089,188</u>
CHANGE IN NET ASSETS	1,412,278	(703,659)	708,619	122,955	122,955	-	1,535,233	(703,659)	831,574
NET ASSETS, BEGINNING OF YEAR	<u>4,793,602</u>	<u>8,045,024</u>	<u>12,838,626</u>	<u>666,086</u>	<u>666,086</u>	<u>(250)</u>	<u>5,459,438</u>	<u>8,045,024</u>	<u>13,504,462</u>
NET ASSETS, END OF YEAR	<u>\$ 6,205,880</u>	<u>\$ 7,341,365</u>	<u>\$ 13,547,245</u>	<u>\$ 789,041</u>	<u>\$ 789,041</u>	<u>\$ (250)</u>	<u>\$ 6,994,671</u>	<u>\$ 7,341,365</u>	<u>\$ 14,336,036</u>

See Note to Supplemental Information.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	Georgia Southern University Athletic Foundation, Inc.			Stadium Construction, LLC		Eliminating Entries	Consolidated Georgia Southern University Athletic Foundation, Inc.		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Total		Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES									
Contributions	\$ 2,017,847	\$ 1,379,030	\$ 3,396,877	\$ -	\$ -	\$ -	\$ 2,017,847	\$ 1,379,030	\$ 3,396,877
Contributed services and materials	168,363	-	168,363	-	-	-	168,363	-	168,363
Contributed salaries and benefits by Georgia Southern University	901,017	-	901,017	-	-	-	901,017	-	901,017
Lease income from stadium suites	278,374	-	278,374	-	-	-	278,374	-	278,374
Interest income on direct financing lease	-	-	-	1,047,469	1,047,469	-	1,047,469	-	1,047,469
Special event income, net	40,607	29,100	69,707	-	-	-	40,607	29,100	69,707
Other interest income	15,208	42,415	57,623	12,762	12,762	-	27,970	42,415	70,385
Investment income, net of investment fees	-	33,757	33,757	-	-	-	-	33,757	33,757
Other	165,073	132,398	297,471	-	-	(33,765)	131,308	132,398	263,706
Bad debt losses	(213,488)	(1,377,079)	(1,590,567)	-	-	-	(213,488)	(1,377,079)	(1,590,567)
Net assets released from donor restrictions	1,536,830	(1,536,830)	-	-	-	-	1,536,830	(1,536,830)	-
Total support and revenues	<u>4,909,831</u>	<u>(1,297,209)</u>	<u>3,612,622</u>	<u>1,060,231</u>	<u>1,060,231</u>	<u>-</u>	<u>5,936,297</u>	<u>(1,297,209)</u>	<u>4,639,088</u>
EXPENSES									
Program services:									
Student support	1,339,050	-	1,339,050	-	-	-	1,339,050	-	1,339,050
University support	1,790,174	-	1,790,174	864,179	864,179	(33,765)	2,620,588	-	2,620,588
Total program services	<u>3,129,224</u>	<u>-</u>	<u>3,129,224</u>	<u>864,179</u>	<u>864,179</u>	<u>(33,765)</u>	<u>3,959,638</u>	<u>-</u>	<u>3,959,638</u>
Supporting services:									
General and administrative	700,165	-	700,165	33,765	33,765	-	733,930	-	733,930
Fundraising	973,914	-	973,914	-	-	-	973,914	-	973,914
Total expenses	<u>4,803,303</u>	<u>-</u>	<u>4,803,303</u>	<u>897,944</u>	<u>897,944</u>	<u>-</u>	<u>5,667,482</u>	<u>-</u>	<u>5,667,482</u>
CHANGE IN NET ASSETS	106,528	(1,297,209)	(1,190,681)	162,287	162,287	-	268,815	(1,297,209)	(1,028,394)
NET ASSETS, BEGINNING OF YEAR	4,404,416	9,624,891	14,029,307	503,799	503,799	(250)	4,907,965	9,624,891	14,532,856
CHANGE IN DONOR INTENT	<u>282,658</u>	<u>(282,658)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,658</u>	<u>(282,658)</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 4,793,602</u>	<u>\$ 8,045,024</u>	<u>\$ 12,838,626</u>	<u>\$ 666,086</u>	<u>\$ 666,086</u>	<u>\$ (250)</u>	<u>\$ 5,459,438</u>	<u>\$ 8,045,024</u>	<u>\$ 13,504,462</u>

See Note to Supplemental Information.

**GEORGIA SOUTHERN UNIVERSITY ATHLETIC FOUNDATION, INC.
AND SUBSIDIARY
NOTE TO SUPPLEMENTAL INFORMATION**

NOTE 1. CONSOLIDATING FINANCIAL STATEMENTS

For the years ended June 30, 2020 and 2019, the Foundation has presented the investments in subsidiaries at cost on the consolidating statements of financial position.