



THE UNIVERSITY OF GEORGIA FOUNDATION

Financial Statements

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

THE UNIVERSITY OF GEORGIA FOUNDATION

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Independent Auditors' Report

The Board of Trustees
The University of Georgia Foundation:

Opinion

We have audited the financial statements of The University of Georgia Foundation (the Foundation), which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2026 and 2025, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Atlanta, Georgia
October 2, 2026

THE UNIVERSITY OF GEORGIA FOUNDATION

Statements of Financial Position

June 30, 2026 and 2025

Assets	2026	2025
Cash and cash equivalents	\$ 18,093,919	17,977,980
Temporary investments (notes 5 and 6)	290,214,139	270,665,062
Accounts receivable	2,631,886	2,485,025
Contributions receivable, net (note 3)	136,973,690	139,269,329
Beneficial interest in perpetual trust (note 6)	6,173,667	5,710,297
Accrued interest receivable	1,046	232
Prepaid expenses and other assets	1,203,928	1,063,002
Investments (note 6)	2,272,932,973	1,909,911,447
Derivative financial instruments (note 8)	136,876	—
Property and equipment, net (note 11)	21,308,361	21,948,666
Construction in Progress (note 11)	—	1,057,517
Software (note 11)	2,547,922	—
Works of art	72,547	72,547
Cash value of life insurance policies	4,299,291	3,467,380
Total assets	\$ 2,756,590,245	2,373,628,484
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 6,840,429	14,939,387
Derivative financial instruments (note 8)	—	20,198
Funds held for others (notes 6 and 10(d))	73,312,514	65,498,661
Deferred revenue	46,441	108,601
Obligations related to deferred gifts (notes 6 and 9)	5,271,661	5,631,624
Notes payable (note 7)	11,053,382	11,707,906
Total liabilities	96,524,427	97,906,377
Net assets:		
Without donor restrictions	346,313,047	299,015,118
With donor restrictions (note 13)	2,313,752,771	1,976,706,989
Total net assets	2,660,065,818	2,275,722,107
Commitments and contingencies (notes 5, 7, 8, 9, and 10)		
Total liabilities and net assets	\$ 2,756,590,245	2,373,628,484

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2026

(With summarized comparative financial information for the year ended June 30, 2025)

	2026			2025
	Net assets without donor restrictions	Net assets with donor restrictions	Total	Total
Revenue:				
Rental income (note 10(a))	\$ 1,246,427	—	1,246,427	1,205,093
Contributions	1,224,250	175,525,865	176,750,115	172,397,035
Provision for doubtful contributions	—	(2,181,810)	(2,181,810)	(2,901,919)
Net realized and unrealized gain on investments	38,406,337	291,679,720	330,086,057	164,355,206
Net gain on sale of property	—	—	—	3,476,651
Interest and dividends	13,542,365	29,636,238	43,178,603	41,844,133
Change in value of annuities	—	(13,245)	(13,245)	2,278,477
Change in cash surrender value of life insurance	—	191,832	191,832	202,073
Change in fair value of derivative financial instruments (note 8)	157,074	—	157,074	(220,746)
Change in value of beneficial interest in perpetual trust	—	463,370	463,370	210,158
Other	6,009,745	3,091,453	9,101,198	10,373,233
Net assets released from restrictions (note 12)	161,347,641	(161,347,641)	—	—
Total revenue	221,933,839	337,045,782	558,979,621	393,219,394
Expenses (note 15):				
Program services (note 10(b)):				
General college support	62,396,530	—	62,396,530	69,903,322
Student financial aid	38,367,881	—	38,367,881	36,625,295
Faculty and staff support	13,399,229	—	13,399,229	11,475,355
Research	3,824,927	—	3,824,927	3,789,181
Facilities	41,113,835	—	41,113,835	75,444,689
Total program services	159,102,402	—	159,102,402	197,237,842
General and administrative	7,638,544	—	7,638,544	7,147,300
Fundraising	7,894,964	—	7,894,964	8,156,166
Total expenses	174,635,910	—	174,635,910	212,541,308
Change in net assets	47,297,929	337,045,782	384,343,711	180,678,086
Net assets:				
Beginning of year	299,015,118	1,976,706,989	2,275,722,107	2,095,044,021
End of year	\$ 346,313,047	2,313,752,771	2,660,065,818	2,275,722,107

See accompanying notes to financial statements.

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Statement of Activities

Year ended June 30, 2025

	2025		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Revenue:			
Rental income (note 10(a))	\$ 1,205,093	—	1,205,093
Contributions	1,647,702	170,749,333	172,397,035
Provision for doubtful contributions	—	(2,901,919)	(2,901,919)
Net realized and unrealized gain on investments	21,601,100	142,754,106	164,355,206
Net gain on sale of property	—	3,476,651	3,476,651
Interest and dividends	14,306,161	27,537,972	41,844,133
Change in value of annuities	2,383,509	(105,032)	2,278,477
Change in cash surrender value of life insurance	—	202,073	202,073
Change in fair value of derivative financial instruments (note 8)	(220,746)	—	(220,746)
Change in value of beneficial interest in perpetual trust	—	210,158	210,158
Other	6,972,651	3,400,582	10,373,233
Net assets released from restrictions (note 12)	203,059,893	(203,059,893)	—
Total revenue	250,955,363	142,264,031	393,219,394
Expenses (note 15):			
Program services (note 10(b)):			
General college support	69,903,322	—	69,903,322
Student financial aid	36,625,295	—	36,625,295
Faculty and staff support	11,475,355	—	11,475,355
Research	3,789,181	—	3,789,181
Facilities	75,444,689	—	75,444,689
Total program services	197,237,842	—	197,237,842
General and administrative	7,147,300	—	7,147,300
Fundraising	8,156,166	—	8,156,166
Total expenses	212,541,308	—	212,541,308
Change in net assets	38,414,055	142,264,031	180,678,086
Net assets:			
Beginning of year	260,601,063	1,834,442,958	2,095,044,021
End of year	\$ 299,015,118	1,976,706,989	2,275,722,107

See accompanying notes to financial statements.

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Statement of Cash Flows

Years ended June 30, 2026 and 2025

	<u>2026</u>	<u>2025</u>
Cash flows from operating activities:		
Change in net assets	\$ 384,343,711	180,678,086
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	836,299	639,738
Provision for doubtful contributions	2,181,810	2,901,919
Contributions restricted for long-term investment	(74,858,091)	(57,028,715)
Interest and dividends restricted for long-term investment gain	(2,555,823)	(310,460)
In-kind gifts of capital assets	(175,929)	(7,720)
Net realized and unrealized gains on investments	(330,086,057)	(164,355,206)
Net gain on sale of property and equipment	—	(3,476,651)
Change in fair value of derivative financial instruments	(157,074)	220,746
Changes in:		
Accounts receivable and accrued interest receivable	(147,675)	2,933,433
Obligations related to deferred gifts	85,895	(2,393,965)
Contributions receivable	113,829	(22,630,177)
Prepaid expenses and other assets	(140,926)	(52,580)
Accounts payable and accrued expenses	(8,098,958)	5,351,044
Beneficial interest in perpetual trust	(463,370)	(210,157)
Deferred revenue	(62,160)	3,442
Cash surrender value of life insurance policies	(191,832)	(202,073)
Net cash used in operating activities	<u>(29,376,351)</u>	<u>(57,939,296)</u>
Cash flows from investing activities:		
Capital expenditures	(1,686,399)	(1,082,273)
Proceeds from sales of property, equipment, and works of art	2,555,823	6,842,131
Purchases of investments	(224,332,091)	(337,583,375)
Proceeds from sales and maturities of investments	179,661,398	328,126,839
Proceeds from life insurance policies	(640,079)	94,290
Net cash used in investing activities	<u>(44,441,348)</u>	<u>(3,602,388)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for long-term investment	74,858,091	57,028,715
Interest and dividends restricted for long-term investments	175,929	310,460
Payments of obligations related to deferred gifts	(445,858)	(1,063,144)
Repayment of notes payable	(654,524)	(628,890)
Net cash provided by financing activities	<u>73,933,638</u>	<u>55,647,141</u>
Net change in cash and cash equivalents	115,939	(5,894,543)
Cash and cash equivalents – beginning of year	<u>17,977,980</u>	<u>23,872,523</u>
Cash and cash equivalents – end of year	<u>\$ 18,093,919</u>	<u>17,977,980</u>
Supplemental cash flow information:		
Cash paid for interest	\$ 467,962	494,467

See accompanying notes to financial statements.

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Notes to Financial Statements

June 30, 2026 and 2025

(1) Organization and Purpose

The University of Georgia Foundation (the Foundation) is a not-for-profit foundation that was chartered in 1937 to receive and administer contributions for the support of the academic programs of the University of Georgia (the University). The University is governed by the Board of Regents of the University System of Georgia (the Board of Regents). The Foundation performs the following primary functions:

- Receives and manages funds for the support and enhancement of the University
- Provides financial support to the University for scholarships, faculty salary supplements, awards and lectureships, travel, research, and other institutional programs.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles and under the financial reporting framework of the Financial Accounting Standards Board (FASB). While the Foundation was established to support the mission of the University, the Foundation is considered to be a nongovernmental not-for-profit entity.

(b) Cash and Cash Equivalents

All highly liquid financial instruments with a maturity of three months or less when purchased are considered to be cash and cash equivalents. Cash and cash equivalents that are part of the Foundation's pooled investments are included in investments in the accompanying statements of financial position as these funds are generally not used for daily operating needs and are not considered to be cash and cash equivalents for purposes of the statement of cash flows. Substantially all of these cash and cash equivalents are invested through one financial institution.

(c) Investments and Temporary Investments

Investments consist predominantly of marketable securities, privately held limited partnerships, hedge funds, real assets, and real estate. Investments in equity and debt securities with readily determinable fair values are reported at fair value. The fair values are estimated based on quoted market prices for those or similar investments where a market price is available.

The Foundation uses the net asset value (NAV) per share or its equivalent reported by the investment managers as a practical expedient to estimate fair value for certain investments. The NAV per share or its equivalent is applied to certain investments that do not have readily determinable fair values, including hedge funds, private equities, private limited partnership interests, real assets, and natural resources, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2026 or 2025, the Foundation had no plans or intentions to sell those investments at amounts different from NAV.

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General partners of funds invested in marketable securities provide fair values based on quoted market prices and exchange rates for publicly held securities and valuation estimates of derivative instruments. Investment managers are authorized to employ derivative instruments, including swaps, futures, forwards, and options. These derivatives may generally be used for managing interest rate or foreign currency risk or to attain or hedge a specific financial market position. The Foundation does not hold direct investments in such instruments.

Real estate partnerships and funds are valued at NAV based on appraisals of properties held and conducted by third-party appraisers retained by the general partner or investment manager.

Valuation processes and methodologies utilized by the general partners and investment managers are reviewed and evaluated by the Foundation's management. Management believes such values are reasonable estimates of fair value.

Temporary investments, which are held in money market funds and treasury yield accounts, have an original maturity of greater than three months and represent operating funds in excess of immediate cash requirements.

Investment transactions are accounted for on a trade-date basis. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Realized and unrealized gains (losses) are allocated to the appropriate net asset class based on associated donor restrictions.

(d) Investment Strategy for Cash Balances

The Foundation employs a three-tier investment strategy for short-term balances of both donor-restricted and nondonor-restricted funds. All short-term funds are pooled for investment. The allocations to the three tiers take into account cash flow requirements of funds held for construction and cash flow requirements for the current year and the next two years of operations. Tier 1 is invested in institutional money market funds, short-term U.S. Treasuries, fixed-income ultrashort funds, and/or enhanced cash, and includes cash flow requirements for the current year and construction funding. Tier 2 is invested in low duration fixed-income funds, A1-P1 commercial paper, treasuries, agencies, CDs, money market funds, and/or fixed-income broad-market funds, and is used to replenish Tier 1. Tier 3 is invested in the Foundation's long-term investment portfolio.

Net realized and unrealized gain (loss) on investment returns recognized from Tiers 1, 2, and 3 are reflected in net assets without donor restrictions and available for annual operations. For the years ended June 30, 2026 and 2025, the accumulated net gain of Tiers 1, 2 and 3 was \$13,203,884 and \$15,294,140, respectively, which is reflected in net assets without donor restrictions within the accompanying statements of activities.

(e) Property and Equipment, Net

Property and equipment are stated at cost, less accumulated depreciation. Donated real property is recorded at the estimated fair value at the date of the gift. Depreciation on buildings is computed using the straight-line method over the lesser of the estimated useful lives of approximately 30 years or the remaining term of the underlying leases. Depreciation for furniture, fixtures, and equipment is computed using the straight-line method over the estimated useful lives of the related assets, which range from

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three to seven years. Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments are capitalized.

Costs of purchased and internally developed software that meet the criteria for capitalization are capitalized, including qualifying costs incurred during the application development stage. Costs associated with preliminary project activities, training, maintenance, and post-implementation activities are expensed as incurred. Capitalized software is amortized using the straight-line method over an estimated useful life of seven years beginning when the software is placed in service.

(f) Works of Art

The Foundation capitalizes art collections or works of art when received and recognizes contribution revenue at the fair value of the gift on the date of receipt. Works of art are not depreciated.

When appropriate based on the nature and intended disposition of the gift, works of art may be transferred by deed to the University of Georgia for custody, preservation, exhibition, or other use consistent with the purposes of the gift.

(g) Impairment of Long-Lived Assets

The Foundation regularly evaluates whether events and circumstances have occurred that indicate the carrying amount of property and equipment may warrant revision or may not be recoverable. When factors indicate that these long-lived assets should be evaluated for impairment, the Foundation assesses the potential impairment by determining whether the carrying value of such long-lived assets will be recovered through the future undiscounted cash flows expected from use of the asset and its eventual disposition. If the carrying amount of the asset is determined not to be recoverable, a write-down to fair value is recorded, based on quoted market values, discounted cash flows, or external appraisals, as applicable. In addition, the Foundation regularly evaluates whether events and circumstances have occurred that indicate the useful lives of long-lived assets may warrant revision.

(h) Derivative Financial Instruments

The Foundation's derivative financial instruments manage interest rate risk associated with a portion of current and future borrowings. The derivative financial instruments are recorded at estimated fair value in the accompanying statements of financial position. Changes in the fair value of the derivative financial instruments are included as a component of revenue in the accompanying statements of activities.

(i) Contributions, Contributions Receivable, Net, and Net Assets

Unconditional promises to give are recognized as contributions revenue in the appropriate class of net assets when the underlying promises are received by the Foundation. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value at initial recognition, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the periods in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the donor-imposed conditions are substantially

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met. Gifts of cash and other assets are reported as contributions revenue within net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated asset.

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

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations or time restrictions. Net assets included in this class include gifts without donor restrictions and board-designated endowment funds.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations or time restrictions that may or will be met either by actions of the Foundation in accordance with donor stipulations or by the passage of time. When donor restrictions on cash and other assets reported as net assets with donor restrictions expire (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Foundation's policy is to use such funds for the donor-restricted purpose as soon as it is practical and prudent. Net assets with donor restrictions are used to provide facility support, including building construction and renovation, and program support of the University.

Net assets with donor restrictions also include amounts subject to donor-imposed stipulations requiring that the net assets be maintained permanently by the Foundation, whereby gifts of cash and other assets must be invested in perpetuity to provide a permanent source of income for the Foundation. A substantial portion of the income from donor-restricted endowment net assets is used to provide scholarship and professorship support. The method used to calculate the annual endowment spending budget for the years ended June 30, 2026 and 2025 is described in note 4(d).

(j) Split-Interest Agreements and Beneficial Interest in Perpetual Trust

The Foundation is the remainder beneficiary under agreements for certain life income and life interest gifts. The underlying assets of these agreements are included in investments in the accompanying statements of financial position.

Life income gifts are invested in pooled income funds established pursuant to agreements between the Foundation and the trustees of the funds. At the time of receipt, a gift is recorded based upon the fair value of assets donated less the estimated annuity payment liability. The liability is recognized at the present value of projected future distributions to be paid to the donor or other designee. The principal amount of such gifts has been classified within net assets based on donor restrictions. Certain of these life income agreements include cash and cash equivalents that the Foundation includes in investments as the access to these amounts is governed by the related life income agreements and the cash and cash equivalents may not be for general use by the Foundation.

Life interest gifts consist of real estate in which the donor has retained certain life interests in the property. The fair value of the gift at the date of receipt has been discounted for the estimated value of the life interest retained by the donor and has been classified within net assets based on donor

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restrictions. The real estate value is being accreted to the fair value of the gift at the date of receipt over the estimated life expectancy of the donor.

The Foundation also holds a beneficial interest in a perpetual trust created by a donor, the assets of which are not in the possession of the Foundation. The Foundation has legally enforceable rights or claims to such assets, including the sole right to income therefrom. The change in value of the Foundation's beneficial interest in perpetual trust is reported as a change in net assets with donor restrictions in the accompanying statements of activities.

(k) Administrative Fees

The Foundation charges an administrative fee to board-designated and donor-restricted endowed funds to cover operating expenses. For the years ended June 30, 2026 and 2025, the administrative fee charged was \$21,490,607 and \$18,569,913, respectively. This fee is charged quarterly based on a flat rate of 1% per annum for endowed accounts for both the years ended June 30, 2026 and 2025. The rate is applied to each restricted fund's balance as of the end of each quarter. Such administrative fee is transferred to net assets without donor restrictions from net assets with donor restrictions through net assets released from restrictions.

(l) Estimates in the Financial Statements

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the assumptions used in the determination of the fair value of certain investments without readily determinable fair values, valuation of derivative financial instruments, allowance for uncollectible contributions receivable, and liabilities to life beneficiaries.

(m) Commitments and Contingencies

Liabilities for loss contingencies arising in the ordinary course of business are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Management believes that any pending litigation of the Foundation, when fully concluded and determined, will not have a material adverse effect upon the financial position of the Foundation.

(n) Recently Adopted Accounting Standards

In June of 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASC 326), which requires a financial asset (or a group of financial assets) measured at amortized cost to be presented at the net amount expected to be collected. The ASU is intended to improve financial reporting by requiring earlier recognition of credit losses on certain financial assets including trade and financing receivables. Contributions receivable are not in scope of this ASU. The ASU replaces the current incurred loss impairment model that recognizes losses when a probable threshold is met with a requirement to recognize lifetime expected credit losses immediately when a financial asset is originated or purchased. Additionally, from 2016

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through 2023, the FASB issued additional related ASUs that provide further guidance and clarification and become effective for the Foundation upon the adoption of ASU 2016-13.

The Foundation adopted ASU 2016-13 and its related ASUs (collectively referred to as Topic 326) effective July 1, 2023 using a modified retrospective transition approach. As a result, the Foundation was not required to adjust its comparative period financial information for effects of the standard or make the new required credit loss allowance disclosures for periods before the date of adoption. The adoption of this ASU did not have a material impact on the Foundation's financial statements or notes to the financial statements.

(3) Contributions Receivable, Net

Unconditional promises to give as of June 30, 2026 and 2025 are due as follows:

	<u>2026</u>	<u>2025</u>
Within one year	\$ 14,300,395	10,246,267
One to five years	141,042,969	145,337,901
More than five years	<u>5,047,097</u>	<u>8,942,964</u>
Gross contributions receivable	160,390,461	164,527,132
Less:		
Allowance for uncollectible contributions	(4,463,409)	(3,768,839)
Present value component	<u>(18,953,362)</u>	<u>(21,488,964)</u>
Contributions receivable, net	<u>\$ 136,973,690</u>	<u>139,269,329</u>

The discount rates used to calculate the present value component as of June 30, 2026 and 2025 range from 2.29% to 8.58%.

An allowance for uncollectible contributions is necessary as, from time to time, the Foundation may be unable to collect an outstanding recorded pledge. The allowance is management's estimate of the potential future write-offs of uncollectible contributions and is based on historical write-offs, age of contributions, and other factors. Contributions receivable beyond one year are discounted to their present value using treasury rates consistent with the life of the pledge, commensurate with the risks involved.

The 10 largest outstanding donor pledge balances represented 26% and 25% of contributions receivable, net as of June 30, 2026 and 2025, respectively.

(4) Endowment Net Assets

The Foundation's endowment funds consist of individual donor-restricted endowment funds and funds designated by the Board of Trustees (the Board) to function as endowments. The net assets associated with such endowment funds, including those funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

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The Foundation applies the State of Georgia's Uniform Prudent Management of Institutional Funds Act (UPMIFA), which requires 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. Consequently, the Foundation requires the preservation of (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) 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. Income from the Foundation's donor-restricted endowment funds is generally restricted to donor-directed purposes and is, therefore, accounted for within net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Foundation allows spending from endowment funds based on the current spending policy. Fund spending is limited to the lesser of the established spending rate or available cash balance and investment return. In accordance with UPMIFA, the Foundation considered the following factors in making its determination to appropriate or accumulate endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Where the Board designates nondonor-restricted funds to function as endowments, they are classified as net assets without donor restrictions. Donor-restricted funds designated by the Board to function as endowments are classified as net assets with donor restrictions.

The following tables present the Foundation's endowment composition, changes, and net asset classifications as of and for the years ended June 30, 2026 and 2025:

Endowment net asset composition by type of fund	June 30, 2026		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Donor-restricted endowment funds	\$ —	2,019,955,489	2,019,955,489
Board-designated endowment funds	297,163,499	—	297,163,499
Total endowment net assets	\$ 297,163,499	2,019,955,489	2,317,118,988

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Year ended June 30, 2026			
Changes in endowment net assets	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, beginning of year	\$ 247,131,547	1,701,355,115	1,948,486,662
Investment return:			
Investment income	3,505,045	29,467,746	32,972,791
Market value adjustment	35,239,547	290,786,887	326,026,434
Total investment return	38,744,592	320,254,633	358,999,225
Contributions and other income	14,422,375	82,446,600	96,868,975
Appropriation of endowment assets for expenditure	(3,135,015)	(84,100,859)	(87,235,874)
Endowment net assets, end of year	\$ <u>297,163,499</u>	<u>2,019,955,489</u>	<u>2,317,118,988</u>

June 30, 2025			
Endowment net asset composition by type of fund	Net assets without donor restrictions	Net assets with donor restrictions	Total
Donor-restricted endowment funds	\$ —	1,701,355,115	1,701,355,115
Board-designated endowment funds	247,131,547	—	247,131,547
Total endowment net assets	\$ <u>247,131,547</u>	<u>1,701,355,115</u>	<u>1,948,486,662</u>

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Changes in endowment net assets	Year ended June 30, 2025		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, beginning of year	\$ 230,159,413	1,554,191,605	1,784,351,018
Investment return:			
Investment income	3,249,115	27,229,544	30,478,659
Market value adjustment	17,368,202	142,202,649	159,570,851
Total investment return	20,617,317	169,432,193	190,049,510
Contributions and other income	3,005,257	62,807,997	65,813,254
Appropriation of endowment assets for expenditure	(6,650,440)	(85,076,680)	(91,727,120)
Endowment net assets, end of year	\$ 247,131,547	1,701,355,115	1,948,486,662

(a) Endowment Funds with Deficits

From time to time, the fair value of assets associated with individual donor endowment funds may fall below the value of the initial and subsequent donor gift amounts. No deficits of this nature exist as of June 30, 2026. Deficits occurred during 2025 due to certain unfavorable market conditions that resulted in negative investment returns accumulated. Deficits of this nature related to original gifts totaling \$2,782 and reported in net assets with donor restrictions were \$12 as of June 30, 2025.

(b) Return Objectives and Risk Parameters

The Foundation has adopted endowment investment and spending policies intended to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of endowment assets. Under this policy, endowment assets are invested in a manner that is intended to yield a long-term rate of return of approximately 8.2% annually, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

(c) Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (net realized and unrealized gains) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

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(d) Relationship of Spending Policy to Investment Objectives

The Foundation's Investment Committee (the Committee) determines the method to be used to appropriate endowment funds for expenditure. The appropriation amount for the following fiscal year's spending rate is determined using investment values on a calendar-year basis. The Committee established a 4% spending rate for both fiscal years 2026 and 2025, based on the endowment value at December 31, 2024 and 2023, respectively. The method used to calculate the spending budget was adopted by the Committee to reduce the spending volatility and include a predetermined inflation factor. The formula used for the fiscal year 2026 spending budget is $((80\% * (1 + \text{Consumer Price Index})) * \text{fiscal year 2025 spending budget}) + (20\% * (\text{fiscal year 2026 spending rate} * \text{endowment market value at December 31, 2024}))$. The formula used for the fiscal year 2025 spending budget is consistent with that for 2026. In establishing this method, the Committee considered the expected long-term rate of return on the investment of the Foundation's endowment funds. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average of approximately 3.2% annually, consistent with its intention to maintain the purchasing power of the endowment assets. Depending upon market conditions and the needs and available resources of the Foundation, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the individual endowment.

(5) Investments and Temporary Investments

The Foundation's investments are exposed to several risks, such as changes in interest rates, currency fluctuations, market fluctuations, and credit risks. Changes in financial markets occur daily and it is quite likely that changes in the fair value of investments will occur. Such changes could materially affect the amounts reported in the Foundation's financial statements. The Foundation, to the extent that it holds such investments, does not adjust the quoted price in situations where the Foundation holds a large position and a sale could reasonably impact the quoted price.

As of June 30, 2026 and 2025, the Foundation had outstanding commitments of \$333,455,710 and \$290,203,099, respectively, for the purchase of additional nonmarketable investments. The Foundation estimates that the additional capital amounts will be paid over the next eight years depending on timing of potential investment opportunities identified by investment managers in the following investment strategies:

	<u>2026</u>	<u>2025</u>
Private equity	\$ 212,368,331	194,196,144
Real assets	121,087,379	96,006,955
	<u>\$ 333,455,710</u>	<u>290,203,099</u>

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(6) Fair Value Measurements

The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 – Unadjusted quoted prices in active markets are available for identical assets or liabilities accessible to the Foundation as of the measurement date. The types of investments that would generally be included in Level 1 include listed equity securities, mutual funds, and money market funds.

Level 2 – Pricing inputs, other than quoted prices in active markets, which are observable for the assets or liabilities, either directly or indirectly, as of the measurement date. Fair value is determined through the use of models or other valuation methodologies. These inputs may include (a) quoted prices for similar assets in active markets; (b) quoted prices for identical or similar assets in markets that are not active; (c) inputs other than quoted prices that are observable for the asset; or (d) inputs derived principally from or corroborated by observable market data by correlation or other means. The types of investments that would generally be included in this category include publicly traded securities with restrictions on disposition, corporate obligations, US government and agency treasury inflation protected securities, and interest rate derivatives primarily valued using pricing models that rely on market observable inputs, such as yield curves.

Level 3 – Pricing inputs are unobservable for the asset or liability and include situations where little, if any, market activity exists for the asset or liability. The inputs into the determination of fair value require significant judgment or estimation. Inputs used may include the original transaction price, recent transactions in the same or a similar market, completed or pending third-party transactions in the underlying investment or comparable issuers, and subsequent rounds of financing. When observable prices are not available, Level 3 assets or liabilities are valued using one or more valuation techniques described below:

- **Market Approach:** This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- **Income Approach:** This approach determines a valuation by discounting future estimated cash flows.
- **Cost Approach:** This approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset or liability.

The availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, determining fair value requires more judgment. Because of the inherent uncertainty of valuation, estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Therefore, the degree of judgment

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exercised by the Foundation in determining fair value is greatest for investments categorized in Level 3. Investments measured using NAV as a practical expedient are not categorized within the fair value hierarchy.

Relative to the income approach, the inputs used by the Foundation in estimating the fair value of Level 3 investments include the projected cash flows of the various underlying investments and appropriate discount rates. These fair value estimates may also be adjusted to reflect percentage of ownership and liquidity and/or nontransferability, with the amount of such discount estimated by the fund manager in the absence of specific market information. The assumptions used by the Foundation due to lack of observable inputs may significantly impact the resulting fair value measurement.

In certain cases, the inputs used to measure fair value may fall into multiple levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

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The levels of the fair value hierarchy into which the Foundation's financial instruments are categorized as of June 30, 2026 and 2025 are as follows:

	2026						
	Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Day(s) notice
Assets:							
Recurring:							
Cash and cash equivalents	\$ 18,093,919	—	—	—	18,093,919	Daily	None
Derivative financial instruments	—	136,876	—	—	136,876	N/A	N/A
Separately managed accounts:							
Student Managed Investment Fund - Stock	3,050,827	—	—	—	3,050,827	Daily	1
Student Managed Investment Fund - Fixed Income	—	1,010,385	—	—	1,010,385	Daily	1
Total separately managed accounts	3,050,827	1,010,385	—	—	4,061,212		
Exchange traded funds:							
Global REIT securities	52,443,834	—	—	—	52,443,834	Daily	1
Total exchange traded funds	52,443,834	—	—	—	52,443,834		
Mutual funds:							
U.S. Large Cap Core Equity	437,702,609	—	—	—	437,702,609	Daily	1
International Core Equity	316,053,349	—	—	—	316,053,349	Daily	1
Emerging Market Equity	138,326,090	—	—	—	138,326,090	Daily	1
US Treasury Securities	178,131,806	—	—	—	178,131,806	Daily	1
Short Term Investment Grade Inst'l Fixed Income	77,422,234	—	—	—	77,422,234	Daily	1
Total mutual funds	1,147,636,088	—	—	—	1,147,636,088		
Hedge fund limited partnerships:							
Event-driven absolute return	—	—	—	222,248,195	222,248,195	See note(a)	See note(a)
Fund of funds	—	—	—	—	—	See note(a)	See note(a)
Equity long/short	—	—	—	242,581,063	242,581,063	See note(a)	See note(a)
Total hedge fund limited partnerships	—	—	—	464,829,258	464,829,258		
Private equity limited partnerships:							
Direct private equity	—	—	—	268,696,270	268,696,270	Illiquid	N/A
Coinvestments	—	—	—	3,184,286	3,184,286	Illiquid	N/A
Private credit	—	—	—	10,883,945	10,883,945	Illiquid	N/A
Private venture	—	—	—	122,966,681	122,966,681	Illiquid	N/A
Secondary private equity	—	—	—	23,581	23,581	Illiquid	N/A
Diversified private equity – distressed oriented	—	—	—	—	—	Illiquid	N/A
Fund of funds	—	—	—	5,758,424	5,758,424	Illiquid	N/A
Total private equity limited partnerships	—	—	—	411,513,187	411,513,187		

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	2026						
	Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Day(s) notice
Nonmarketable real asset limited partnerships:							
Diversified private real estate	\$ —	—	—	59,334,855	59,334,855	Illiquid	N/A
Total nonmarketable real asset limited partnerships	—	—	—	59,334,855	59,334,855		
Timber/oil/gas:							
Fund of funds timber/oil/gas	—	—	—	31,549	31,549	Illiquid	N/A
Direct private equity limited partnerships – oil/gas	—	—	—	85,372,595	85,372,595	Illiquid	N/A
Total timber/oil/gas	—	—	—	85,404,144	85,404,144		
Split-interest investments:							
Cash and cash equivalents	230,476	—	—	—	230,476	Illiquid	N/A
Equities	607,210	—	—	—	607,210	Illiquid	N/A
Fixed income	32,006	—	—	—	32,006	Illiquid	N/A
Hedge Funds	—	—	—	—	—	Illiquid	N/A
Treasury Notes	—	—	—	—	—	Illiquid	N/A
Mutual funds	6,371,835	—	—	—	6,371,835	Illiquid	N/A
Futures	—	—	—	—	—	Illiquid	N/A
Nonmarketable	—	—	3,398,315	—	3,398,315	Illiquid	N/A
Total split-interest investments	7,241,527	—	3,398,315	—	10,639,842		
Cash – operating principal	25,895,837	—	—	—	25,895,837	Daily	1
Other stocks	59,296	—	—	—	59,296	Daily	1
Other investments	10,756,400	359,020	—	—	11,115,420	Illiquid	N/A
Temporary investments:							
Cash and cash equivalents	4,360,204	—	—	—	4,360,204	Daily	1
Mutual funds	195,487,906	—	—	—	195,487,906	Daily	1
Treasury notes	—	20,539,037	—	—	20,539,037	Daily, Monthly	1 or 30
Bonds	—	69,826,992	—	—	69,826,992	Daily, Monthly	1 or 30
Total investments and temporary investments	1,446,931,919	91,735,434	3,398,315	1,021,081,444	2,563,147,112		
Beneficial interest in perpetual trust	—	—	6,173,667	—	6,173,667	N/A	N/A
Total	\$ 1,446,931,919	91,735,434	9,571,982	1,021,081,444	2,569,320,779		

Note:

Investments in private equity funds provide growth equity or take full ownership of the companies in which they invest. Investments in real estate equity funds take ownership of properties ranging from office, retail, multifamily, land, hotel, and various other commodities. Investments in hedge funds take long and short positions largely in equity securities, credit securities, and event-driven situations. There are currently no plans to sell any of these investments prior to their liquidation, and the investments are carried at NAV as estimated by the investment manager.

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Note (a) – Hedge Funds (June 30, 2026):

Certain investments may be redeemed upon 60 to 95 days' notice to the fund manager and permit a quarterly exit from the fund. The fair values of these funds total \$295,681,724. Two hedge funds have semi-annual exit dates which occur more than 90 days after the Foundation's fiscal year-end. The fair value of these funds with a notice of redemption period of 90 days is \$70,369,834. Certain hedge funds have annual exit dates, which occur more than 90 days after the Foundation's fiscal year-end. The fair value of these hedge funds, with a notice of redemption period between 60-90 days totals \$89,440,110. Two hedge funds have side pockets. These side pockets total \$9,337,590.

				2025			
	Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Day(s) notice
Assets:							
Recurring:							
Cash and cash equivalents	\$ 17,977,980	—	—	—	17,977,980	Daily	None
Separately managed accounts:							
Student managed investment fund	2,529,391	—	—	—	2,529,391	Daily	1
Total separately managed accounts	2,529,391	—	—	—	2,529,391		
Exchange traded funds:							
Global REIT securities	42,413,160	—	—	—	42,413,160	Daily	1
Total exchange traded funds	42,413,160	—	—	—	42,413,160		
Mutual funds:							
US Large cap growth equity	—	—	—	—	—	Daily	1
US Large cap core equity	390,329,953	—	—	—	390,329,953	Daily	1
International core equity	256,835,216	—	—	—	256,835,216	Daily	1
International growth equity	—	—	—	—	—	Daily	1
Emerging market equity	97,561,698	—	—	—	97,561,698	Daily	1
US treasury securities	165,671,051	—	—	—	165,671,051	Daily	1
Short-term investment grade inst'l fixed income	63,064,707	—	—	—	63,064,707	Daily	1
Total mutual funds	973,462,625	—	—	—	973,462,625		
Hedge fund limited partnerships:							
Event-driven absolute return	—	—	—	159,192,466	159,192,466	See note(a)	See note(a)
Fund of funds	—	—	—	—	—	See note(a)	See note(a)
Equity long/short	—	—	—	210,134,636	210,134,636	See note(a)	See note(a)
Total hedge fund limited partnerships	—	—	—	369,327,102	369,327,102		
Private equity limited partnerships:							
Direct private equity	—	—	—	237,772,621	237,772,621	Illiquid	N/A
Coinvestments	—	—	—	3,158,057	3,158,057	Illiquid	N/A
Private credit	—	—	—	5,085,624	5,085,624	Illiquid	N/A
Private venture	—	—	—	86,349,597	86,349,597	Illiquid	N/A
Secondary private equity	—	—	—	24,541	24,541	Illiquid	N/A
Diversified private equity – distressed oriented	—	—	—	2,218	2,218	Illiquid	N/A
Fund of funds	—	—	—	5,871,279	5,871,279	Illiquid	N/A
Total private equity limited partnerships	—	—	—	338,263,937	338,263,937		

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	2025					
	Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation
						Day(s) notice
Nonmarketable real asset limited partnerships:						
Diversified private real estate	\$ —	—	—	49,941,174	49,941,174	Illiquid
Total nonmarketable real asset limited partnerships	—	—	—	49,941,174	49,941,174	
Timber/oil/gas:						
Fund of funds timber/oil/gas	—	—	—	48,236	48,236	Illiquid
Direct private equity limited partnerships – oil/gas	—	—	1,891,648	84,580,715	86,472,363	Illiquid
Total timber/oil/gas	—	—	1,891,648	84,628,951	86,520,599	
Split-interest investments:						
Cash and cash equivalents	270,311	—	—	—	270,311	Illiquid
Equities	606,519	—	—	—	606,519	Illiquid
Fixed income	27,907	—	—	—	27,907	Illiquid
Hedge Funds	—	—	—	—	—	Illiquid
Treasury Notes	—	—	—	—	—	Illiquid
Mutual funds	7,122,270	—	—	—	7,122,270	Illiquid
Futures	—	—	—	—	—	Illiquid
Nonmarketable	—	—	2,087,124	—	2,087,124	Illiquid
Total split-interest investments	8,027,007	—	2,087,124	—	10,114,131	
Cash – operating principal	27,842,481	—	—	—	27,842,481	Daily
Other stocks	96,921	—	—	—	96,921	Daily
Other investments	9,036,817	363,109	—	—	9,399,926	Illiquid
Temporary investments:						
Cash and cash equivalents	4,198,682	—	—	—	4,198,682	Daily
Mutual funds	183,886,761	—	—	—	183,886,761	Daily
Treasury notes	—	19,588,504	—	—	19,588,504	Daily, Monthly
Bonds	—	62,991,116	—	—	62,991,116	Daily, Monthly
Total investments and temporary investments	\$ 1,251,493,844	82,942,729	3,978,772	842,161,164	2,180,576,509	
Beneficial interest in perpetual trust	—	—	5,710,297	—	5,710,297	N/A
Total	\$ 1,251,493,844	82,942,729	9,689,069	842,161,164	2,186,286,806	
Liabilities:						
Recurring:						
Derivative financial instruments	—	20,198	—	—	20,198	N/A

Note (a) – Hedge Funds (June 30, 2025):

Certain investments may be redeemed upon 60 to 95 days' notice to the fund manager and permit a quarterly exit from the fund. The fair values of these funds total \$239,050,322 at June 30, 2025. Two hedge funds have semi-annual exit dates which occur more than 90 days after the Foundation's fiscal year-end. The fair value of these funds with a notice of redemption period of 90 days is \$49,070,507. Certain hedge funds have annual exit dates, which occur more than 90 days after the Foundation's fiscal year-end. The

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fair value of these hedge funds, with a notice of redemption period between 60-90 days totals \$73,314,586. Two hedge funds have side pockets. These side pockets total \$7,891,687 at June 30, 2025.

For the year ended June 30, 2026, the changes in investments classified as Level 3 are as follows:

	2026			
	Natural resources	Split interest	Other investments	Total
Sales	\$ (1,891,648)	—	—	(1,891,648)
Transfers	—	1,311,191	—	1,311,191

For the year ended June 30, 2025, the changes in investments classified as Level 3 are as follows:

	2025			
	Natural resources	Split interest	Other investments	Total
Sales	\$ (1,685,017)	—	—	(1,685,017)

The methods and assumptions used to estimate the fair value of financial instruments are summarized as follows:

(a) Cash and Cash Equivalents and Temporary Investments

Cash and cash equivalents and temporary investments include short-term financial instruments whose carrying values approximate fair value given the short-term maturity of these instruments.

(b) Contributions Receivable

Contributions receivable for current-year gifts are initially measured at fair value in the year the receivable is recorded based on the present value of future cash flows discounted at a rate commensurate with the risks involved, which is an application of the income approach, and classified as Level 3 within the fair value hierarchy. These financial instruments are considered to be measured at fair value on a nonrecurring basis because amounts are not adjusted to fair value in subsequent periods.

(c) Funds Held for Others

Funds held for others are initially measured at fair value on the date that the related cash is received. The Foundation invests these funds in its overall investment portfolio and adjusts the balance of funds held for others based on actual return on the related investments. Funds held for others are classified as Level 3 within the fair value hierarchy and changes in the account are summarized in note 10(d).

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(d) *Derivative Financial Instruments*

The fair value of derivative financial instruments is determined using an income approach using the following significant inputs (note 8): the term of the swap, the notional amount of the swap, discount rates interpolated through 2027 based on relevant swap curves, the rate on the fixed leg of the swap, and a credit value adjustment to consider the likelihood of the Foundation's nonperformance.

(e) *Other Receivables and Payables*

The carrying amounts of accounts receivable and accounts payable and accrued expenses, including funds held for others, approximate fair value given the short-term maturity of these instruments.

(f) *Obligations Related to Deferred Gifts*

The carrying amount of obligations related to deferred gifts approximates fair value as they are presented on a discounted basis and classified as Level 3 within the fair value hierarchy. The discount rates are determined using daily U.S. Department of Treasury yield curve rates as of June 30, 2026, ranging from 4.15% to 4.88%.

(7) Notes Payable

During 2007, the Foundation signed a 10-year \$6,200,000 promissory loan agreement with a bank. During November 2017, the Foundation amended the agreement and made a one-time principal payment of \$800,000, extending the maturity date of the remaining outstanding balance to November 1, 2032. Principal and interest are payable monthly. During July of 2023, the Foundation amended the agreement to modify interest terms from LIBOR plus 32.5 basis points to International Swaps and Derivatives Association (ISDA) Fallback plus 32.5 basis points, such rate at June 30, 2026 and 2025 was 4.071% and 4.754%, respectively. The outstanding balance at June 30, 2026 and 2025 was \$3,103,382 and \$3,287,906, respectively.

In October 2014, the Foundation entered into a series of transactions, as follows: (1) The Foundation entered into a tax-exempt financing project with the District of Columbia for \$12,500,000 involving tax-exempt bonds, which were to expire on November 1, 2039 and accrue interest at a per annum rate equal to 75% of the sum of one-month LIBOR plus 1.60% payable monthly; (2) The Foundation entered into a loan agreement with a bank in which the Foundation fully repaid its obligation under the newly acquired tax-exempt bonds in exchange for a promissory loan relating to the same principal. The promissory loan agreement expires on November 1, 2039 and includes certain debt covenants and restrictions. Interest on the promissory loan agreement is charged at 75% ISDA Fallback plus 1.6%, and such rate was 4.010% and 4.522% at June 30, 2026 and 2025, respectively. The outstanding balance at June 30, 2026 and 2025 was \$7,950,000 and \$8,420,000, respectively. The Foundation was in compliance with all applicable debt covenants and restrictions under its borrowing arrangements as of June 30, 2026.

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Notes to Financial Statements

June 30, 2026 and 2025

A summary as of June 30, 2026 of principal payments due under both notes payable during each of the next five years and thereafter is as follows:

Year ending June 30:	
2027	\$ 680,807
2028	707,780
2029	740,487
2030	773,969
2031	808,277
Thereafter	<u>7,342,062</u>
Total	\$ <u>11,053,382</u>

(8) Derivative Financial Instruments

The Foundation has an outstanding interest rate swap agreement effectively converting the interest rate exposure on the \$6,200,000 note payable from variable to a 5.95% fixed rate over the term of the note payable. During November 2017, the Foundation modified and extended the agreement, which included a fixed rate fee payment of \$296,500. As of June 30, 2026 and 2025, the total notional amount of the swap was \$3,103,382 and \$3,287,906, respectively. As of June 30, 2026 and 2025, the fair value of this interest rate swap was a liability of \$277,480 and \$383,402, respectively. The Foundation recorded a related unrealized gain of \$105,922 and loss of (\$36,410) for the years ended June 30, 2026 and 2025, respectively.

The Foundation has an outstanding interest rate swap agreement effectively converting the interest rate exposure on the \$12,500,000 note payable from variable to a 3.37% fixed rate over the term of the note payable. As of June 30, 2026 and 2025, the total notional amount of the swap was \$7,950,000 and \$8,420,000, respectively. As of June 30, 2026 and 2025, the fair value of this interest rate swap was an asset of \$414,356 and \$363,204, respectively. The Foundation recorded a related unrealized gain of \$51,152 and loss of (\$184,336) for the years ended June 30, 2026 and 2025, respectively.

(9) Obligations Related to Deferred Gifts

The Foundation has a deferred gift program that allows donors to make contributions that provide for certain payments from the contributed assets to specified beneficiaries during their lifetime. The amount payable to the donors is recorded at the present value of the future payments to be made under these agreements. The remainder interest estimated to be retained by the Foundation after payments to specified beneficiaries are satisfied is recorded as revenue in the appropriate net asset class as of the date of the agreement.

Investments and various trusts held by the Foundation under these agreements totaled \$10,639,842 and \$10,114,785 at June 30, 2026 and 2025, respectively, and are included in investments in the accompanying statements of financial position.

Obligations related to deferred gifts in the accompanying statements of financial position include liabilities associated with charitable gift annuity arrangements totaling \$2,134,358 and \$2,177,054 as of June 30, 2026 and 2025, respectively.

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Notes to Financial Statements

June 30, 2026 and 2025

In connection with an estate gift received in 1996, the Foundation committed to pay a beneficiary \$300,000 annually, adjusted for a 4.0% annual inflation factor. This commitment has been included in obligations related to deferred gifts in the accompanying statements of financial position. The amount payable each year is reduced by distributions from the gift annuity (included in the Foundation's investments) established for the beneficiary's benefit. The obligation was met in fiscal year 2025.

(10) Related-Party Transactions

(a) *Rental Income*

The Foundation leases certain property, which has a total carrying value of \$20,835,359 and \$13,733,269 as of June 30, 2026 and 2025, respectively, to the Board of Regents. Related rental income totaled \$1,246,427 and \$1,205,093 for the years ended June 30, 2026 and 2025, respectively, and relates to annual renewable leases with the Board of Regents. These lease agreements for fiscal year 2026 have been executed, and the Foundation expects to receive rental revenue during fiscal year 2027 totaling \$1,159,851.

(b) *University Support*

Administrative – On July 1, 2005, the University entered into an agreement with the Foundation to provide administrative services and use of facilities to the Foundation through June 30, 2015. On October 2, 2015, the then-existing agreement was amended and restated. The Foundation renewed the agreement during 2021 to extend through June 30, 2026.

Programs and Scholarships – During fiscal years 2026 and 2025, the Foundation expensed \$159,102,402 and \$197,237,842, respectively, in support of the University's programs and scholarships. Of this amount, during fiscal years 2026 and 2025, \$95,719,124 and \$102,886,603, respectively, was paid directly to the University. As of June 30, 2026 and 2025, outstanding transfers of \$5,684,827 and \$12,004,317, respectively, were due to the University and are included in accounts payable, accrued expenses, and deferred revenue in the accompanying statements of financial position. During fiscal years 2026 and 2025, the Foundation transferred \$53,408,423 and \$85,957,070, respectively, to the University of Georgia Athletic Association (Athletic Association) for the University facility renovation and program support. As of June 30, 2026 and 2025, outstanding transfers of \$135,798 and \$2,157,612, respectively, were due to the Athletic Association and are included in accounts payable and accrued expenses in the accompanying statements of financial position. As of June 30, 2026, outstanding receivables of \$4,200 were due from the Athletic Association and are included in receivables in the accompanying statements of financial position. As of June 30, 2026, outstanding receivables of \$10,660 were due from the Real Estate Foundation and are included in receivables in the accompanying statements of financial position.

Skybox Tickets – During 2026 and 2025, the Foundation made annual payments on behalf of University departments totaling \$768,000 and \$768,000, respectively, to the Athletic Association related to the use of skyboxes at Sanford Stadium.

(c) *Personnel Costs*

Personnel of the Foundation are employees of the University. As such, the Foundation reimburses the University for compensation and benefit expenses of University employees who spend a significant amount of time providing services to the Foundation. The amount reimbursed for fiscal years 2026 and

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Notes to Financial Statements

June 30, 2026 and 2025

2025 totaled \$7,413,198 and \$6,905,739, respectively, and is included in general and administrative and fundraising expenses in the accompanying statements of activities.

(d) Funds Held for Others

Athletic Association – Since 2001, the Athletic Association has transferred funds to the Foundation for investment management. The Foundation records a liability for such funds as the Athletic Association has the ability to redeem such funds at any time.

The activity of the funds held on behalf of the Athletic Association for the years ended June 30, 2026 and 2025 is as follows:

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 53,811,808	52,637,642
Distributions	(2,099,204)	(4,152,692)
Investment gains, net of fees, attributable to balances	<u>9,369,862</u>	<u>5,326,858</u>
Balance, end of year	\$ <u>61,082,466</u>	<u>53,811,808</u>

Real Estate Foundation – Since December 2015, the University of Georgia Real Estate Foundation (Real Estate Foundation) has transferred funds to the Foundation for investment management. The Foundation records a liability for such funds as the Real Estate Foundation has the ability to redeem such funds at any time.

The activity of the funds held on behalf of the Real Estate Foundation for the years ended June 30, 2026 and 2025 is as follows:

	<u>2026</u>	<u>2025</u>
Balance, beginning of year	\$ 10,858,044	11,529,113
Distributions	—	(1,273,210)
Deposits	—	—
Investment gains, net of fees, attributable to balances	<u>433,397</u>	<u>602,141</u>
Balance, end of year	\$ <u>11,291,441</u>	<u>10,858,044</u>

Revocable Gifts – As of June 30, 2020, the Foundation has received revocable gifts from a trustee totaling \$500,000. These gifts were recorded as deferred revenue on the date of the gift, and included in funds held for others in the accompanying statements of financial position. As of June 30, 2026 and 2025, the fair value of the total amounts of revocable gifts received to date and included in funds held for others totaled \$938,607 and \$828,809, respectively.

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Notes to Financial Statements

June 30, 2026 and 2025

(11) Property and Equipment, Net

Property and equipment at June 30, 2026 and 2025 consist of the following:

	<u>2026</u>	<u>2025</u>
Land	\$ 11,780,368	11,780,368
Buildings and improvements	18,898,981	18,898,981
Software	6,018,670	3,274,754
Construction in Progress	—	1,057,517
Furniture, fixtures, and equipment	<u>814,011</u>	<u>814,011</u>
	37,512,030	35,825,631
Less accumulated depreciation	<u>(13,655,747)</u>	<u>(12,819,448)</u>
Total	\$ <u><u>23,856,283</u></u>	<u><u>23,006,183</u></u>

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Depreciation expense totaled \$836,299 and \$639,738 for the years ended June 30, 2026 and 2025, respectively.

(12) Net Assets Released from Restrictions

Net assets are released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The composition of net assets released from restriction by type for the years ended June 30, 2026 and 2025 is as follows:

	<u>2026</u>	<u>2025</u>
General college support	\$ 49,610,130	62,509,939
Student financial aid	34,526,769	33,627,310
Faculty and staff support	13,249,895	11,298,864
Research	3,824,927	3,789,181
Facilities	41,113,835	75,444,689
Administrative fees	<u>19,022,085</u>	<u>16,389,910</u>
	\$ <u><u>161,347,641</u></u>	<u><u>203,059,893</u></u>

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Notes to Financial Statements

June 30, 2026 and 2025

(13) Net Assets

Net assets with donor restrictions as of June 30, 2026 and 2025 were available for the following purposes:

	<u>2026</u>	<u>2025</u>
Spendable donor-restricted net assets:		
General college support	\$ 453,669,159	369,012,679
Student financial aid	357,496,921	260,498,895
Faculty and staff support	285,430,328	220,900,617
Research	53,128,898	44,059,095
Facilities	<u>138,109,298</u>	<u>133,544,256</u>
Total spendable donor-restricted net assets	1,287,834,604	1,028,015,542
Net Assets Donor-Restricted in Perpetuity:		
Contributions Receivable	54,232,489	53,877,892
Endowment & Certain split interest agreements	<u>971,685,678</u>	<u>894,813,555</u>
Total restricted in perpetuity	<u>1,025,918,167</u>	<u>948,691,447</u>
Total Restricted Net Assets	<u>\$ 2,313,752,771</u>	<u>1,976,706,989</u>

Net assets without donor restrictions designated by the Board are as follows at June 30, 2026 and 2025:

	<u>2026</u>	<u>2025</u>
Designated to function as endowment:		
General support	\$ 172,369,761	177,444,476
Student financial aid	98,718,759	48,386,614
Faculty and staff support	<u>26,074,979</u>	<u>21,300,457</u>
	<u>297,163,499</u>	<u>247,131,547</u>
Other board-designated:		
General support	15,517,803	15,165,260
Student financial aid	1,870,677	6,214,793
Faculty and staff support	—	1,000,000
Facilities	<u>18,633,130</u>	<u>18,044,221</u>
	<u>36,021,610</u>	<u>40,424,274</u>
Total	<u>\$ 333,185,109</u>	<u>287,555,821</u>

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Notes to Financial Statements

June 30, 2026 and 2025

(14) Liquidity and Availability

Financial assets available for general expenditure within one year of June 30 are as follows:

	<u>2026</u>	<u>2025</u>
Financial assets:		
Cash and cash equivalents	\$ 18,093,919	17,977,980
Accounts receivable	2,631,886	2,485,026
Temporary investments	290,214,139	270,665,062
Contributions receivable	136,973,690	139,269,329
Beneficial interest in perpetual trust	6,173,667	5,710,297
Investments	<u>2,272,932,973</u>	<u>1,909,911,448</u>
Total financial assets	2,727,020,274	2,346,019,142
Less financial assets not available for general expenditures due to nature:		
Deferred gift assets	(10,639,842)	(10,114,785)
Less financial assets with contractual or donor-imposed restrictions:		
Endowments restricted in perpetuity	(954,075,679)	(879,030,284)
Spendable donor-restricted financial assets	(1,203,945,763)	(942,011,133)
Contributions receivable, net	(136,973,690)	(139,269,329)
Funds held on behalf of other organizations	(73,312,514)	(65,498,661)
Less board-designated endowments	(297,163,499)	(247,131,547)
Less other board-designated funds	<u>(36,021,610)</u>	<u>(40,424,274)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>14,887,677</u>	<u>22,539,129</u>

The Foundation manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. The Foundation also has board-designated endowments and other board-designated funds of \$297,163,499 and \$36,021,610, respectively, as of June 30, 2026 and \$247,131,547 and \$40,424,274, respectively, as of June 30, 2025. Although the Foundation does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure, amounts from its board-designated endowment and other funds could be made available if necessary, with appropriate board approval. Investments with contractual, board-designated or donor-imposed restrictions that may be redeemed in excess of one year or that are otherwise deemed illiquid totaled \$578,007,447 and \$494,239,767 as of June 30, 2026 and 2025, respectively. The timing of liquidation or redemption of these investments is unknown.

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Notes to Financial Statements

June 30, 2026 and 2025

(15) Functional Expenses

Expenses on a functional basis were as follows for the years ended June 30, 2026 and 2025:

	2026				2025			
	Program	General and administrative	Fundraising	Total	Program	General and administrative	Fundraising	Total
Salaries, wages, and benefits	\$ —	6,061,086	1,352,112	7,413,198	—	5,687,430	1,218,309	6,905,739
Supplies and other services	7,902,594	1,475,790	6,146,232	15,524,616	6,491,964	1,367,366	6,612,540	14,471,870
Travel	—	101,668	396,620	498,288	—	92,504	325,317	417,821
Distributions to the University	95,719,124	—	—	95,719,124	102,886,603	—	—	102,886,603
Distributions to University affiliates	54,176,423	—	—	54,176,423	86,725,070	—	—	86,725,070
Depreciation and amortization	836,299	—	—	836,299	639,738	—	—	639,738
Interest	467,962	—	—	467,962	494,467	—	—	494,467
	<u>\$ 159,102,402</u>	<u>7,638,544</u>	<u>7,894,964</u>	<u>174,635,910</u>	<u>197,237,842</u>	<u>7,147,300</u>	<u>8,156,166</u>	<u>212,541,308</u>

The expenses of the Foundation have been allocated among the programs and supporting services benefited. Other costs are classified in each functional category based on the underlying purpose of each transaction.

(16) U.S. Income Tax Status

The Foundation is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as a nonprofit organization described in IRC Section 501(c)(3). The Internal Revenue Service has determined that the Foundation is not a private foundation under Section 509(a) of the IRC. The Foundation is subject to federal income tax on unrelated business income. The Foundation does not have any material unrecognized tax positions that should be recognized in the financial statements for 2026 and 2025.

(17) Subsequent Events

Subsequent to June 30, 2026 and through October 2, 2026, the date through which management evaluated subsequent events and on which the financial statements were available for issuance, management of the Foundation has concluded that there are no subsequent events to be disclosed.