THE UNIVERSITY OF GEORGIA FOUNDATION

Financial Statements

June 30, 2022 and 2021

(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, 2022 and 2021, 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, 2022 and 2021, 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 available to be 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.

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- 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 7, 2022

THE UNIVERSITY OF GEORGIA FOUNDATION

Statements of Financial Position

June 30, 2022 and 2021

Assets		**2022**	**2021**
Cash and cash equivalents	$	27,420,531	26,855,006
Temporary investments (notes 5 and 6)		186,382,404	164,780,100
Accounts receivable		3,336,747	2,896,616
Contributions receivable, net (note 3)		102,254,639	91,739,808
Beneficial interest in perpetual trust (note 6)		4,598,344	5,705,526
Accrued interest receivable		266,241	294,978
Prepaid expenses and other assets		919,053	533,743
Investments (notes 5 and 6)		1,452,322,098	1,574,386,974
Property and equipment, net (note 12)		30,118,941	30,199,022
Works of art		2,322,808	2,322,808
Cash value of life insurance policies		3,193,561	3,002,210
Total assets	$	1,813,135,367	1,902,716,791
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	9,454,487	6,899,493
Derivative financial instruments (note 8)		849,942	2,717,071
Funds held for others (notes 6 and 11(d))		61,776,401	68,027,510
Deferred revenue		349,005	562,516
Obligations related to deferred gifts (notes 6 and 9)		8,271,218	8,719,009
Notes payable (note 7)		13,397,571	13,958,821
Total liabilities		94,098,624	100,884,420
Net assets:			
Without donor restrictions		194,123,489	206,344,219
With donor restrictions (note 14)		1,524,913,254	1,595,488,152
Total net assets		1,719,036,743	1,801,832,371
Commitments and contingencies (notes 7, 8, 9, 10, and 11)			
Total liabilities and net assets	$	1,813,135,367	1,902,716,791

See accompanying notes to financial statements.

THE UNIVERSITY OF GEORGIA FOUNDATION

Statement of Activities

Year ended June 30, 2022
(With summarized consolidated financial information for the year ended June 30, 2021)

	2022			
	Net assets without donor restrictions	**Net assets with donor restrictions**	**Total**	**2021 Total**
Revenue:				
Rental income (note 11(a))	$ 1,443,379	—	1,443,379	1,066,306
Contributions	1,424,020	151,118,179	152,542,199	121,658,699
Provision for doubtful contributions	—	(4,722,496)	(4,722,496)	(2,343,199)
Net realized and unrealized gain (loss) on investments (note 5)	(22,618,180)	(120,156,424)	(142,774,604)	393,763,657
Net gain on sale of property	—	—	—	514,587
Interest and dividends	3,545,934	14,294,585	17,840,519	15,793,201
Change in value of annuities	197,809	(301,865)	(104,056)	(645,293)
Change in cash surrender value of life insurance	—	191,351	191,351	122,877
Change in fair value of derivative financial instruments (note 8)	1,867,129	—	1,867,129	1,266,518
Change in value of beneficial interest in perpetual trust	—	(1,107,182)	(1,107,182)	1,113,525
Other	7,875,992	4,321,676	12,197,668	8,837,628
Net assets released from restrictions (note 13)	114,212,722	(114,212,722)	—	—
Total revenue	107,948,805	(70,574,898)	37,373,907	541,148,506
Expenses (note 16):				
Program services (note 11(b)):				
General college support	27,170,136	—	27,170,136	20,692,580
Student financial aid	27,652,020	—	27,652,020	23,510,281
Faculty and staff support	8,850,501	—	8,850,501	8,086,653
Research	2,191,686	—	2,191,686	1,832,122
Facilities	42,256,694	—	42,256,694	24,704,598
Total program services	108,121,037	—	108,121,037	78,826,234
General and administrative	4,939,811	—	4,939,811	4,598,746
Fundraising	7,108,687	—	7,108,687	3,397,647
Total expenses	120,169,535	—	120,169,535	86,822,627
Change in net assets	(12,220,730)	(70,574,898)	(82,795,628)	454,325,879
Net assets:				
Beginning of year	206,344,219	1,595,488,152	1,801,832,371	1,347,506,492
End of year	$ 194,123,489	1,524,913,254	1,719,036,743	1,801,832,371

See accompanying notes to financial statements.

THE UNIVERSITY OF GEORGIA FOUNDATION

Statement of Activities

Year ended June 30, 2021

	2021		
	Net assets without donor restrictions	**Net assets with donor restrictions**	**Total**
Revenue:			
Rental income (note 11(a))	$ 1,066,306	—	1,066,306
Contributions	1,159,987	120,498,712	121,658,699
Provision for doubtful contributions	—	(2,343,199)	(2,343,199)
Net realized and unrealized gain (loss) on investments (note 5)	51,589,147	342,174,510	393,763,657
Net gain on sale of property	—	514,587	514,587
Interest and dividends	3,647,348	12,145,853	15,793,201
Change in value of annuities	151,402	(796,695)	(645,293)
Change in cash surrender value of life insurance	—	122,877	122,877
Change in fair value of derivative financial instruments (note 8)	1,266,518	—	1,266,518
Change in value of beneficial interest in perpetual trust	—	1,113,525	1,113,525
Other	4,308,718	4,528,910	8,837,628
Net assets released from restrictions (note 13)	84,192,264	(84,192,264)	—
Total revenue	147,381,690	393,766,816	541,148,506
Expenses (note 16):			
Program services (note 11(b)):			
General college support	20,692,580	—	20,692,580
Student financial aid	23,510,281	—	23,510,281
Faculty and staff support	8,086,653	—	8,086,653
Research	1,832,122	—	1,832,122
Facilities	24,704,598	—	24,704,598
Total program services	78,826,234	—	78,826,234
General and administrative	4,598,746	—	4,598,746
Fundraising	3,397,647	—	3,397,647
Total expenses	86,822,627	—	86,822,627
Change in net assets	60,559,063	393,766,816	454,325,879
Net assets:			
Beginning of year	145,785,156	1,201,721,336	1,347,506,492
End of year	$ 206,344,219	1,595,488,152	1,801,832,371

See accompanying notes to financial statements.

THE UNIVERSITY OF GEORGIA FOUNDATION

Statements of Cash Flows

Years ended June 30, 2022 and 2021

		2022	2021
Cash flows from operating activities:			
Change in net assets	$	(82,795,628)	454,325,879
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation		630,081	631,070
Provision for doubtful contributions		4,722,496	2,343,199
Contributions restricted for long-term investment		(48,816,587)	(39,887,711)
Interest and dividends restricted for long-term investment loss (gain)		(270,798)	(226,330)
In-kind gifts of capital assets		(63,957)	(133,799)
Net realized and unrealized loss (gain) on investments		142,774,604	(393,763,657)
Net gain on sale of property and equipment		—	(514,587)
Change in fair value of derivative financial instruments		(1,867,129)	(1,266,518)
Changes in:			
Accounts receivable and accrued interest receivable		(411,393)	(1,017,479)
Obligations related to deferred gifts		784,135	1,288,146
Contributions receivable		(15,237,327)	(17,710,511)
Prepaid expenses and other assets		(385,310)	(398,390)
Accounts payable and accrued expenses		2,554,993	1,295,578
Beneficial interest in perpetual trust		1,107,182	(1,113,525)
Deferred revenue		(213,511)	(254,718)
Net cash provided by operating activities		2,511,851	3,596,647
Cash flows from investing activities:			
Capital expenditures		(550,000)	—
Proceeds from sales of property and equipment		63,957	1,391,977
Purchases of investments		(179,844,912)	(353,149,122)
Proceeds from sales and maturities of investments		131,281,771	302,185,595
Change in cash surrender value of life insurance policies		(191,351)	(323,785)
Net cash used in investing activities		(49,240,535)	(49,895,335)
Cash flows from financing activities:			
Proceeds from contributions restricted for long-term investment		48,816,587	39,887,711
Interest and dividends restricted for long-term investments		270,798	226,330
Payments of obligations related to deferred gifts		(1,231,926)	(1,225,153)
Repayment of notes payable		(561,250)	(537,821)
Net cash provided by financing activities		47,294,209	38,351,067
Net change in cash and cash equivalents		565,525	(7,947,621)
Cash and cash equivalents – beginning of year		26,855,006	34,802,627
Cash and cash equivalents – end of year	$	27,420,531	26,855,006
Supplemental cash flow information:			
Cash paid for interest	$	566,865	589,665

See accompanying notes to financial statements.

(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 investments with 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 a cash and cash equivalent for purposes of 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. Realized and unrealized gains (losses) are allocated to the appropriate net asset class based on associated donor-restrictions.

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, although NAV in many instances may not equal fair value. 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, 2022 or 2021, the Foundation had no plans or intentions to sell those investments at amounts different from NAV.

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.

(d) Investment Strategy for Cash Balances

The Foundation employs a three-tier investment strategy for short-term balances of both donor-restricted and non-donor-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 ultra-short 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.

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, 2022 and 2021, the accumulated net (loss) gain of Tier 2 and Tier 3 was $(4,360,357) and $7,943,479, 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 three to seven years. Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments are capitalized.

(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.

(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 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, 2022 and 2021 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 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.

(Continued)

(k) Life Insurance Gifts

Life insurance gifts consist of life insurance policies purchased by donors where the Foundation is the owner and beneficiary of the policy. The cash value of life insurance policies, net of policy loans, has been classified within net assets based on donor restrictions.

(l) Rental Income

Rental income is recognized monthly when earned and collectability of the associated receivable is reasonably assured.

(m) Deferred Revenue

Royalties received in advance under University logo licensing agreements with terms in excess of one year are recorded as deferred revenue and are amortized to other revenue using the straight-line method over the life of the related agreements. In addition, advance rental payments received, are recorded as deferred revenue.

(n) 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, 2022 and 2021, the administrative fee charged was $15,989,625 and $13,306,520, 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, 2022 and 2021. The rate is applied to each restricted fund’s average fund 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.

(o) 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.

(p) 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.

(q) Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), which requires an entity to 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 those goods or services. An entity also should disclose sufficient quantitative and qualitative information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The new standard is effective for the Foundation for fiscal years beginning after December 31, 2019 (as further amended in May 2020 by ASU No. 2020-05, *Revenues From Contracts with Customers (Topic 606) and Leases (Topic 842); Effective Dates for Certain Entities*). The Foundation implemented the provisions of ASU 2014-09 during fiscal year 2021. The adoption of this ASU did not have a material impact on the Foundation's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842) (ASU 2016-02). The amendments in ASU 2016-02 create FASB Accounting Standards Codification (ASC) Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. ASU 2020-05 deferred the effective date of ASU 2016-02 by one year. Therefore, the ASU is effective for the Foundation's fiscal year beginning after December 15, 2021. The Foundation will implement the provisions of ASU 2016-02 during fiscal year 2023. The Foundation has not yet determined the impact of the new standard on its current policies for lease accounting.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements on fair value measurements in Topic 820. After the adoption of ASU 2018-13, an entity will no longer be required to disclose the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy; the policy for timing of transfers between levels; the valuation processes for Level 3 fair value measurements; and, for nonpublic entities, the changes in unrealized gains and losses for the period included in earnings for recurring Level 3 fair value measurements held at the end of the reporting period. In lieu of a rollforward for Level 3 fair value measurements, a nonpublic entity will be required to disclose transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities. The new standard was effective for the Foundation's fiscal year ended June 30, 2021 and is reflected in the relevant fair value disclosures.

In March 2019, the FASB issued ASU 2019-03, *Not-For-Profit Entities (Topic 958): Updating the Definition of Collections*. The amendments in this Update modify the definition of the term collections and require that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection). If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. The new standard is effective for the Foundation for fiscal years beginning after December 15, 2019 and early adoption is permitted. The Foundation implemented the provisions of ASU 2019-03 during fiscal year 2021. The adoption of this ASU did not have a material impact on the Foundation's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The objective of the amendments in this Update is to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements in presentation and disclosure requirements. NFP entities will now be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial contributions. NFPs will also be required to disclose various information related to contributed nonfinancial assets. The new standard is effective for the Foundation for fiscal years beginning after June 15, 2021 and early adoption is permitted. The Foundation implemented the provisions of ASU 2020-07 during fiscal year 2022. The adoption of this ASU did not have a material impact on the Foundation's financial statements.

(3) Contributions Receivable, Net

Unconditional promises to give as of June 30, 2022 and 2021 are due as follows:

	2022	2021
Within one year	$ 12,762,714	8,527,343
One to five years	104,011,969	89,934,666
More than five years	2,459,577	4,378,216
Gross contributions receivable	119,234,260	102,840,225
Less:		
Allowance for uncollectible contributions	(6,593,291)	(4,239,565)
Present value component	(10,386,330)	(6,860,852)
Contributions receivable, net	$ 102,254,639	91,739,808

The discount rates used to calculate the present value component as of June 30, 2022 and 2021 range from 2.29% to 7.26%.

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 ten largest outstanding donor pledge balances represented 27% and 31% of contributions receivable, net as of June 30, 2022 and 2021, 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.

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 non donor-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, 2022 and 2021:

Endowment net asset composition by type of fund		June 30, 2022 Net assets without donor restrictions	Net assets with donor restrictions	Total
Donor-restricted endowment funds	$	—	1,287,362,594	1,287,362,594
Board-designated endowment funds		175,725,897	—	175,725,897
Total endowment net assets	$	175,725,897	1,287,362,594	1,463,088,491

Changes in endowment net assets		Year ended June 30, 2022 Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, beginning of year	$	192,585,824	1,381,919,383	1,574,505,207
Investment return:				
Investment income		1,871,282	14,031,531	15,902,813
Market value adjustment		(16,211,698)	(118,980,816)	(135,192,514)
Total investment return		(14,340,416)	(104,949,285)	(119,289,701)
Contributions and other income		188,340	61,227,357	61,415,697
Appropriation of endowment assets for expenditure		(2,707,851)	(50,834,861)	(53,542,712)
Endowment net assets, end of year	$	175,725,897	1,287,362,594	1,463,088,491

Endowment net asset composition by type of fund		June 30, 2021 Net assets without donor restrictions	Net assets with donor restrictions	Total
Donor-restricted endowment funds	$	—	1,381,919,383	1,381,919,383
Board-designated endowment funds		192,585,824	—	192,585,824
Total endowment net assets	$	192,585,824	1,381,919,383	1,574,505,207

Changes in endowment net assets		Year ended June 30, 2021 Net assets without donor restrictions	Net assets with donor restrictions	Total
Endowment net assets, beginning of year	$	138,391,165	1,021,542,578	1,159,933,743
Investment return:				
Investment income		3,343,305	11,920,050	15,263,355
Market value adjustment		51,381,585	340,021,643	391,403,228
Total investment return		54,724,890	351,941,693	406,666,583
Contributions and other income		1,091,997	48,913,214	50,005,211
Appropriation of endowment assets for expenditure		(1,622,228)	(40,478,102)	(42,100,330)
Endowment net assets, end of year	$	192,585,824	1,381,919,383	1,574,505,207

(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. Deficits occurred during 2022 due to certain unfavorable market conditions that resulted in negative investment returns accumulated. Deficits of this nature related to original gifts totaling $54,420,464 and reported in net assets with donor restrictions were $3,736,988 as of June 30, 2022. No deficits of this nature exist as of June 30, 2021.

(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 7.8% 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.

(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 2022 and 2021, based on the endowment value at December 31, 2021 and 2020, 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 2022 spending budget is ((80% * (1+ Consumer Price Index)) * fiscal year 2021 spending budget) + (20% * (fiscal year 2022 spending rate * endowment market value at December 31, 2020)). The formula used for the fiscal year 2022 spending budget is consistent with that for 2021. 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 2.8% 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) Investment Securities and Temporary Investments

The fair value of investment securities and temporary investments as of June 30, 2022 and 2021 totaled $1,638,704,502 and $1,739,167,074, respectively. As of June 30, 2022 and 2021, the estimated fair values of investment securities and temporary investments based on quoted market prices or other observable market inputs totaled $824,949,650 and $943,142,012, respectively. As of June 30, 2022 and 2021, the estimated fair values of investment securities and temporary investments that do not have readily determinable fair values totaled $813,754,852 and $796,025,062, respectively. Recorded amounts are provided by external investment managers as estimates of fair value at June 30, 2022 and 2021, respectively.

Net realized and unrealized (loss) gain on investments include $(132,674,761) and $196,347,473 for investments with estimated fair values based on quoted market prices or other observable market inputs and $(10,099,843) and $197,416,184 for investments that do not have readily determinable fair values with estimated fair values provided by external investment managers for the years ended June 30, 2022 and 2021, respectively.

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 carrying values 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

Investments in private equity funds provide growth equity or take full ownership of the companies in which they invest. Private equity funds that take significant ownership positions in start-up or early stage companies are largely invested in the technology or healthcare industries. 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.

Investments in real estate equity funds take ownership of properties ranging from office, retail, multifamily, land, hotel, and various other commodities. 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.

Investments in hedge funds take long and short positions largely in equity securities, credit securities, and event-driven situations. Managers vary in style, market cap focus, geographic focus, sectors of focus, and types of securities, with some having considerable flexibility in each of these areas. The funds also vary in net long/short positioning with most equity funds generally maintaining a low net short position and little or no leverage. Most credit funds generally maintain a moderate net long position and little or no leverage.

As of June 30, 2022 and 2021, the Foundation had outstanding commitments of $217,579,297 and $184,229,876, 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:

	2022	2021
Private equity	$ 142,804,424	119,313,681
Real assets	74,774,873	64,916,195
	$ 217,579,297	184,229,876

(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. Market input observability is impacted by a number of factors, including the type of financial instrument, the characteristics specific to the financial instrument, and the state of the marketplace (including the existence and transparency of transactions between market participants). Financial instruments with readily available, actively quoted prices or for which fair value can be measured from actively quoted prices in an orderly market will generally have a higher degree of market input observability and a lesser degree of judgment used in measuring fair value.

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 – Significant 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 are observable for the assets or liabilities, either directly or indirectly, as of the measurement date, but are not the same as those used in Level 1. Fair value is determined through the use of models or other valuation methodologies. The types of investments that would generally be included in this category include publicly traded securities with restrictions on disposition, corporate obligations, U.S. 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.

Although a secondary market exists for Level 3 investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported amounts. The types of investments that would generally be included in this category include debt and equity securities issued by private entities and partnerships.

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.

The classification of assets and liabilities in the fair value hierarchy is not necessarily an indication of risk or liquidity, but is based on the observability of the valuation inputs. In accordance with ASC Subtopic 820-10, *Fair Value Measurements and Disclosures – Overall,* certain investments that are measured at fair value using NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying statements of financial position.

The levels of the fair value hierarchy into which the Foundation's financial instruments are categorized as of June 30, 2022 and 2021 are as follows:

	2022						
	Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Day(s) notice
Assets:							
Recurring:							
Cash and cash equivalents	$ 27,420,531	—	—	—	27,420,531	Daily	None
Investments and temporary investments:							
Separately managed accounts:							
U.S. large-cap growth equity	24,648,912	—	—	—	24,648,912	Daily	1
Student Managed Investment Fund	1,615,490	—	—	—	1,615,490	Daily	1
Exchange-traded funds:							
Global REIT Securities	40,906,394	—	—	—	40,906,394	Daily	1
Mutual funds:							
U.S. large-cap core equity	234,046,927	—	—	—	234,046,927	Daily	1
International core equity	149,092,373	—	—	—	149,092,373	Daily	1
International growth equity	26,068,038	—	—	—	26,068,038	Daily	1
Emerging market equity	5,940,738	—	—	—	5,940,738	Daily	1
Other commingled funds:							
International core equity	29,041,316	—	—	—	29,041,316	Monthly	10
Emerging market equity	27,034,203	—	—	—	27,034,203	Monthly/Quarterly	30
Emerging Market Equity China	—	—	—	54,264,639	54,264,639	Quarterly see note (a)	60
Hedge fund limited partnerships:							
Event-driven absolute return	—	—	—	140,025,613	140,025,613	See note (a)	See note (a)
Fund of funds	—	—	—	10,244,626	10,244,626	See note (a)	See note (a)
Equity long/short	—	—	—	144,581,611	144,581,611	See note (a)	See note (a)

		Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Day(s) notice
					2022			
Private equity limited partnerships:	$							
Direct private equity		—	—	—	190,226,195	190,226,195	Illiquid	N/A
Coinvestments		—	—	—	3,157,083	3,157,083	Illiquid	N/A
Private venture		—	—	—	70,805,949	70,805,949	Illiquid	N/A
Secondary private equity		—	—	—	697,571	697,571	Illiquid	N/A
Diversified private equity – distressed oriented		—	—	—	5,396,065	5,396,065	Illiquid	N/A
Fund of funds		—	—	—	9,376,475	9,376,475	Illiquid	N/A
Real asset limited partnerships – diversified private real estate		—	—	—	28,990,909	28,990,909	Illiquid	N/A
Timber/oil/gas:								
Fund of funds – timber/oil/gas		—	—	—	195,010	195,010	Illiquid	N/A
Direct private equity limited partnerships – oil/gas		—	—	6,416,035	71,635,835	78,051,870	Illiquid	N/A
Certain split-interest investments:								
Cash and cash equivalents		261,182	—	—	—	261,182	Daily	1
Equities		855,819	—	—	—	855,819	Daily	1
Fixed income		49,293	—	—	—	49,293	Daily	1
Mutual funds		7,497,680	—	—	—	7,497,680	Daily	1
Nonmarketable		—	—	2,087,124	—	2,087,124	Illiquid	N/A
Cash – operating principal		158,882,184	—	—	—	158,882,184	Daily	1
Closely held investments		—	—	38,311	—	38,311	Illiquid	N/A
Charitable limited family partnerships		—	—	1,230,560	—	1,230,560	12/31/2022	30
Other Stocks		289,203	—	—	—	289,203	Daily	1
Other investments		6,424,405	298,330	—	—	6,722,735	Illiquid	N/A
Temporary investments:								
Mutual funds		112,295,493	—	—	—	112,295,493	Daily	1
Treasury notes		—	17,858,406	—	—	17,858,406	Daily/Monthly	1/30
Bonds		—	56,228,505	—	—	56,228,505	Daily/Monthly	1/30
Total investments and temporary investments		824,949,650	74,385,241	9,772,030	729,597,581	1,638,704,502		
Beneficial interest in perpetual trust		—	—	4,598,344	—	4,598,344	N/A	N/A
Total	$	824,949,650	74,385,241	14,370,374	729,597,581	1,643,302,846		
Liabilities:								
Recurring:								
Derivative financial instruments	$	—	849,942	—	—	849,942	N/A	N/A

Note (a) – Hedge Funds and Commingled Emerging Market Equity China (June 30, 2022):

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 $215,361,919 at June 30, 2022. Two hedge funds have semi-annual exit dates which occurs 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 $47,399,804. 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 $69,549,883 at June 30, 2022. One hedge fund has a side pocket totaling $5,441,239 at June 30, 2022. Two hedge funds have lock-ups that expire more than 90 days following the fiscal year-end and total $10,454,591. One hedge fund has been redeemed, but the timing of the cash flows is uncertain. This hedge fund has a total fair value of $909,053.

	2021						
	Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Day(s) notice
Assets:							
Recurring:							
Cash and cash equivalents	$ 26,855,006	—	—	—	26,855,006	Daily	None
Investments and temporary investments:							
Separately managed accounts:							
U.S. large-cap growth equity	43,941,375	—	—	—	43,941,375	Daily	1
Student Managed Investment Fund	1,835,677	—	—	—	1,835,677	Daily	1
Exchange-traded funds:							
Global REIT Securities	52,264,341	—	—	—	52,264,341	Daily	1
Mutual funds:							
U.S. large-cap core equity	247,591,997	—	—	—	247,591,997	Daily	1
International core equity	222,610,280	—	—	—	222,610,280	Daily	1
International growth equity	36,640,794	—	—	—	36,640,794	Daily	1
Emerging market equity	12,946,897	—	—	—	12,946,897	Daily	1
Other commingled funds:							
International core equity	36,206,659	—	—	—	36,206,659	Monthly	10
Emerging market equity	39,701,488	—	—	—	39,701,488	Monthly/Quarterly	30
Emerging Market Equity China	—	—	—	61,528,178	61,528,178	Quarterly see note (a)	60
Hedge fund limited partnerships:							
Event-driven absolute return	—	—	—	181,859,427	181,859,427	See note (a)	See note (a)
Fund of funds	—	—	—	11,701,795	11,701,795	See note (a)	See note (a)
Equity long/short	—	—	—	150,568,175	150,568,175	See note (a)	See note (a)
Private equity limited partnerships:							
Direct private equity	—	—	—	153,273,687	153,273,687	Illiquid	N/A
Coinvestments	—	—	—	3,963,792	3,963,792	Illiquid	N/A
Private venture	—	—	12,821	43,386,937	43,399,758	Illiquid	N/A
Secondary private equity	—	—	—	1,179,878	1,179,878	Illiquid	N/A
Diversified private equity – distressed oriented	—	—	—	1,425,814	1,425,814	Illiquid	N/A
Fund of funds	—	—	—	13,114,835	13,114,835	Illiquid	N/A
Real asset limited partnerships – diversified private real estate	—	—	—	23,964,916	23,964,916	Illiquid	N/A
Timber/oil/gas:							
Fund of funds – timber/oil/gas	—	—	—	180,811	180,811	Illiquid	N/A
Direct private equity limited partnerships – oil/gas	—	—	5,164,470	55,132,655	60,297,125	Illiquid	N/A
Certain split-interest investments:							
Cash and cash equivalents	140,410	—	—	—	140,410	Daily	1
Equities	1,344,725	—	—	—	1,344,725	Daily	1
Fixed income	97,036	—	—	—	97,036	Daily	1
Mutual funds	9,367,861	—	—	—	9,367,861	Daily	1
Nonmarketable	—	—	1,313,431	—	1,313,431	Illiquid	N/A

		2021						
		Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Day(s) notice
Cash – operating principal	$	151,073,258	—	—	—	151,073,258	Daily	1
Closely held investments		—	—	38,311	—	38,311	Illiquid	N/A
Charitable limited family partnerships		—	—	1,230,560	—	1,230,560	12/31/2022	30
Other investments		—	7,676,049	277,723	—	7,953,772	Illiquid	N/A
Other stocks		1,629,910	—	—	—	1,629,910	Daily	1
Temporary investments:								
Mutual funds		85,749,304	—	—	—	85,749,304	Daily	1
Treasury notes		—	18,520,936	—	—	18,520,936	Daily/Monthly	1/30
Bonds		—	60,509,861	—	—	60,509,861	Daily/Monthly	1/30
Total investments and temporary investments		943,142,012	86,706,846	8,037,316	701,280,900	1,739,167,074		
Beneficial interest in perpetual trust		—	—	5,705,526	—	5,705,526	N/A	N/A
Total	$	969,997,018	86,706,846	13,742,842	701,280,900	1,771,727,606		
Liabilities:								
Recurring:								
Derivative financial instruments	$	—	2,717,071	—	—	2,717,071	N/A	N/A

Note (a) – Hedge Funds and Commingled Emerging Market Equity China (June 30, 2021):

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 $248,040,993 at June 30, 2021. Two hedge funds have semi-annual exit dates which occurs 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 $45,900,401. 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 $58,240,059 at June 30, 2021. One hedge fund has a side pocket totaling $5,960,283 at June 30, 2021. Two hedge funds have lock-ups that expire more than 90 days following the fiscal year-end and total $46,739,042. Two hedge funds have been redeemed, but the timing of the cash flows is uncertain. These hedge funds have total fair value of $776,797.

For the years ended June 30, 2022 and 2021, the changes in investments classified as Level 3 are as follows:

		2022			
		Natural resources	Split interest	Other investments	Total
Purchases	$	—	—	—	—
Sales		(897,412)	—	(348,581)	(1,245,993)
Transfers into Level 3		—	798,210	—	798,210
Transfers out of Level 3		—	—	23,461	23,461

		2021			
		Private equity	Natural resources	Other investments	Total
Purchases	$	—	—	—	—
Sales		—	(7,270,042)	—	(7,270,042)
Transfers out of Level 3		—	—	(563,846)	(563,846)

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 non-recurring 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 11(d).

(Continued)

(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 2026 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 ranging from .576% to 2.01%.

(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. Interest is charged at the bank's 30-day London InterBank Offered Rate (LIBOR) plus 32.5 basis points; such rate was 1.386% and 0.417% at June 30, 2022 and 2021, respectively. Principal and interest are payable monthly. The outstanding balance at June 30, 2022 and 2021 was $3,767,571 and $3,913,821, 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 Washington DC District Council 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% of the sum of one-month LIBOR plus 1.6%; such rate was 1.996% and 1.27% at June 30, 2022 and 2021, respectively. Principal and interest on the promissory loan agreement are payable quarterly. The outstanding balance at June 30, 2022 and 2021 was $9,630,000 and $10,045,000, respectively.

A summary as of June 30, 2022 of principal payments due under both notes payable during each of the next five years and thereafter is as follows:

Year ending June 30:		
2023	$	580,193
2024		604,682
2025		634,754
2026		660,439
2027		686,778
Thereafter		10,230,725
Total	$	13,397,571

(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, 2022 and 2021, the total notional amount of the swap was $3,780,093 and $3,925,621, respectively. As of June 30, 2022 and 2021, the fair value of this interest rate swap was a liability of $803,868 and $1,537,522, respectively. The Foundation recorded a related unrealized gain of $733,654 and $514,154 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021, the total notional amount of the swap was $9,735,000 and $10,145,000, respectively. As of June 30, 2022 and 2021, the fair value of this interest rate swap was a liability of $46,074 and $1,179,549, respectively. The Foundation recorded a related unrealized gain of $1,133,475 and $752,364 for the years ended June 30, 2022 and 2021, 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 $10,751,099 and $12,263,464 at June 30, 2022 and 2021, respectively, and are included in investments in the accompanying statements of financial position. Estimated future payments on deferred gift obligations as of June 30, 2022 are as follows:

Year ending June 30:		
2023	$	874,249
2024		908,184
2025		943,476
2026		598,458
2027		25,874
Thereafter		5,206,213
		8,556,454
Less amount representing interest (rates ranging from 2.98% to 3.38%)		(285,236)
Total	$	8,271,218

Obligations related to deferred gifts in the accompanying statements of financial position include liabilities associated with charitable gift annuity arrangements totaling $2,130,953 and $2,196,901 as of June 30, 2022 and 2021, respectively.

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.

(10) Operating Leases

The Foundation is a lessee under operating leases for property and equipment. Total rent expense for the years ended June 30, 2022 and 2021 was $700,721 and $155,496, respectively.

A schedule of future minimum rental payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2022 is as follows:

Year ending June 30:		
2023	$	243,438
2024		250,612
2025		42,642
Total	$	536,692

(11) Related-Party Transactions

(a) Rental Income

The Foundation leases certain property, which has a total carrying value of $15,487,852 and $16,086,136 as of June 30, 2022 and 2021, respectively, to the Board of Regents. Related rental income totaled $1,443,379 and $1,066,306 for the years ended June 30, 2022 and 2021, respectively, and relates to annual renewable leases with the Board of Regents. These lease agreements for fiscal year 2022 have been executed, and the Foundation expects to receive rental revenue during fiscal year 2023 totaling $1,131,245.

(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 2022 and 2021, the Foundation expensed $108,121,037 and $78,826,234, respectively, in support of the University's programs and scholarships. Of this amount, during fiscal years 2022 and 2021, $64,344,343 and $52,391,399, respectively, was paid directly to the University. As of June 30, 2022 and 2021, outstanding transfers of $8,718,168 and $5,983,143, 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 2022 and 2021, the Foundation transferred $38,362,034 and $22,292,723, respectively, to the University of Georgia Athletic Association (Athletic Association) for University facility renovation and program support. As of June 30, 2022 and 2021, outstanding transfers of $37,318 and $41,207, respectively, were due to the Athletic Association and are included in accounts payable and accrued expenses in the accompanying statements of financial position.

Rentals – During 2022 and 2021, the Foundation made annual payments totaling $739,200 and $433,967, 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 2022 and 2021 totaled $4,894,701 and $4,294,734, 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.

(Continued)

The activity of the funds held on behalf of the Athletic Association for the years ended June 30, 2022 and 2021 is as follows:

		2022	2021
Balance, beginning of year	$	60,680,990	49,827,507
Distributions		(2,205,810)	(5,030,706)
Investment (losses) gains, net of fees, attributable to balances		(3,522,535)	15,884,189
Balance, end of year	$	54,952,645	60,680,990

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, 2022 and 2021 is as follows:

		2022	2021
Balance, beginning of year	$	6,544,679	6,393,333
Distributions		—	—
Investment (losses) gains, net of fees, attributable to balances		(460,133)	151,346
Balance, end of year	$	6,084,546	6,544,679

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, 2022 and 2021, the fair value of the total amounts of revocable gifts received to date and included in funds held for others totaled $739,210 and $801,841, respectively.

(Continued)

(12) Property and Equipment, Net

Property and equipment at June 30, 2022 and 2021 consist of the following:

		2022	2021
Land	$	18,100,671	17,550,671
Buildings and improvements		18,898,981	18,929,163
Furniture, fixtures, and equipment		4,033,632	4,033,632
		41,033,284	40,513,466
Less accumulated depreciation		(10,914,343)	(10,314,444)
Total	$	30,118,941	30,199,022

Depreciation expense totaled $630,081 and $631,070 for the years ended June 30, 2022 and 2021, respectively.

(13) 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, 2022 and 2021 is as follows:

		2022	2021
General college support	$	23,158,148	17,481,973
Student financial aid		24,312,912	20,734,947
Faculty and staff support		8,788,846	8,025,157
Research		2,191,686	1,832,122
Facilities		41,939,722	24,590,978
Administrative fees		13,821,408	11,527,087
	$	114,212,722	84,192,264

(14) Net Assets

Net assets with donor restrictions as of June 30, 2022 and 2021 were available for the following purposes:

	2022	2021
Spendable donor-restricted net assets:		
General college support	$ 308,416,522	351,494,068
Student financial aid	168,247,617	222,784,956
Faculty and staff support	143,678,760	180,439,471
Research	24,032,523	27,693,803
Facilities	105,274,596	82,242,661
Total	$ 749,650,018	864,654,959

Net assets donor-restricted in perpetuity totaling $775,263,236 and $730,833,193 as of June 30, 2022 and 2021 consist of $37,869,749 and $41,145,958, respectively, for contributions receivable and $737,393,487 and $689,687,235, respectively, for endowment and certain split-interest investments whose income and net realized and unrealized gains are primarily used to provide scholarship, professorship, and academic support to the University.

Net assets without donor restrictions designated by the board are comprised as follows at June 30, 2022 and 2021:

	2022	2021
Designated to function as endowment:		
General support	$ 131,094,150	148,304,602
Student financial aid	29,224,823	29,358,127
Faculty and staff support	15,406,924	14,923,095
	175,725,897	192,585,824
Other board-designated:		
General support	2,478,315	2,269,683
Student financial aid	2,894,585	3,327,655
Facilities	2,002,529	1,640,104
	7,375,429	7,237,442
Total	$ 183,101,326	199,823,266

(15) Liquidity and Availability

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

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 27,420,531	26,855,006
Accounts receivable	3,336,747	2,896,616
Temporary investments	186,382,404	164,780,100
Contributions receivable	102,254,639	91,739,808
Beneficial interest in perpetual trust	4,598,344	5,705,526
Investments	1,452,322,098	1,574,386,974
Total financial assets	1,776,314,763	1,866,364,030
Less financial assets not available for general expenditures due to nature:		
Deferred gift assets	(10,751,099)	(12,263,464)
Less financial assets with contractual or donor-imposed restrictions:		
Permanent endowments	(721,481,111)	(672,641,855)
Spendable donor-restricted financial assets	(676,003,199)	(805,412,488)
Contributions receivable, net	(102,254,639)	(91,739,808)
Funds held on behalf of other organizations	(61,776,401)	(68,027,510)
Less board designated endowments	(175,725,897)	(192,585,824)
Less other board designated funds	(7,375,429)	(7,237,442)
Financial assets available to meet cash needs for general expenditures within one year	$ 20,946,988	16,455,639

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 $175,725,897 and $7,375,429, respectively, as of June 30, 2022 and $192,585,824 and $7,237,442, respectively, as of June 30, 2021. 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 $404,409,270 and $322,286,723 as of June 30, 2022 and 2021, respectively. The timing of liquidation or redemption of these investments is unknown, except for the Foundation’s investment in certain charitable limited family partnerships totaling $1,230,560, which may be liquidated beginning on December 31, 2022.

(Continued)

(16) Functional Expenses

Expenses on a functional basis were as follows for the years ended June 30, 2022 and 2021:

	2022				2021			
	Program	General and administrative	Fundraising	Total	Program	General and administrative	Fundraising	Total
Salaries, wages, and benefits	$ —	4,117,119	777,582	4,894,701	—	4,122,406	172,328	4,294,734
Supplies and other services	4,217,714	788,614	6,000,453	11,006,781	2,921,377	472,686	3,147,052	6,541,115
Travel	—	34,078	330,652	364,730	—	3,654	78,267	81,921
Distributions to the University	64,344,343	—	—	64,344,343	52,391,399	—	—	52,391,399
Distributions to University affiliates	38,362,034	—	—	38,362,034	22,292,723	—	—	22,292,723
Depreciation and amortization	630,081	—	—	630,081	631,070	—	—	631,070
Interest	566,865	—	—	566,865	589,665	—	—	589,665
	$ 108,121,037	4,939,811	7,108,687	120,169,535	78,826,234	4,598,746	3,397,647	86,822,627

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

(17) 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 2022 and 2021.

(18) COVID-19 Pandemic

During 2020, a novel strain of coronavirus (COVID-19) surfaced, the subsequent spread of which around the world and in the U.S. has caused significant volatility in the global financial markets, including those in the U.S. There is continued uncertainty as to the breadth and duration of this pandemic and the resultant market disruption. Mandates from state and local authorities have required periodic temporary closure and/or limited operations of certain schools, businesses and other facilities and organizations. While such closures and limitations on movement, both globally and in the U.S., have largely been lifted, the potential continued spread of COVID-19 and its impact on social interaction, economic activity and financial markets may adversely affect the Foundation’s operations and financial position.

(19) Subsequent Events

Subsequent to June 30, 2022 and through October 7, 2022, 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.