KENNESAW STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2020

KENNESAW STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL REPORT
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MAULDIN & JENKINS
CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Kennesaw State University Foundation, Inc.
Kennesaw, Georgia

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kennesaw State University Foundation, Inc. as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 4, 2020

KENNESAW STATE UNIVERSITY
FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Cash	$ 24,694,203	$ 20,976,524
Unconditional promises to give, net	10,183,864	10,327,431
Rents receivable, net of allowance 2020 $95,358; 2019 $238,549	1,250	338,240
Accounts receivable - other	139,541	133,971
Accounts receivable - related party	432,206	336,964
Prepaid expenses	59,151	59,675
Other assets	12,198	12,198
Investments	74,498,993	66,337,034
Net investments in direct financing leases	211,334,320	219,778,180
Donated art	553,650	553,650
Property and equipment, net	80,992,921	82,251,932
Assets limited as to use	48,721,726	52,811,934
Total assets	$ 451,624,023	$ 453,917,733
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 37,501	$ 375,233
Accounts payable - related party	907,160	1,524,353
Invested funds held for KSU Alumni	79,157	80,051
Security deposits payable	23,442	29,678
Accrued expenses	1,154,975	78,078
Accrued interest	7,308,182	7,586,660
Bonds payable, net	345,117,804	359,924,955
Line of credit	1,090,000	-
Note payable	470,000	-
Annuity obligation	2,265	2,815
Deferred revenue	357,491	779,628
Total liabilities	356,547,977	370,381,451
Net assets		
Without donor restrictions		
Undesignated	2,278,612	3,367,192
Designated by the Board for housing reserves	4,292,419	4,151,465
Designated by the Board for student support - scholarships	887,970	654,552
Designated by the Board for academic learning center	2,000,000	2,000,000
Designated by the Board for Foundation gift matching	1,000,000	6,000,000
Designated by the Board for Foundation endowment	5,000,000	-
	15,459,001	16,173,209
With donor restrictions		
Purpose restrictions	31,035,262	25,609,166
Perpetual in nature	48,656,483	41,804,706
Underwater endowments	(74,700)	(50,799)
	79,617,045	67,363,073
Total net assets	95,076,046	83,536,282
Total liabilities and net assets	$ 451,624,023	$ 453,917,733

See Notes to Consolidated Financial Statements.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions and special events	$ 87,065	$ 16,273,555	$ 16,360,620
Investment income	1,388,628	1,125,341	2,513,969
Net realized and unrealized gain (loss) on investments	54,911	(22,961)	31,950
Donated services	308,886	-	308,886
Management fee income	356,260	-	356,260
Loss on write-off of direct financing lease	-	-	-
Change in value of split interest agreements	-	-	-
Leasing income	36,841,850	-	36,841,850
Total revenues	39,037,600	17,375,935	56,413,535
Net assets released from restrictions:			
Satisfaction of program restrictions	5,039,936	(5,039,936)	-
Total revenues and other support	44,077,536	12,335,999	56,413,535
EXPENSES			
Program services:			
Scholarships & awards	2,681,983	-	2,681,983
Academic programs and dean support	2,208,055	-	2,208,055
Other university support	962,643	-	962,643
Housing support	-	-	-
Special events & programs	532,216	-	532,216
Campus facilities	31,069,918	-	31,069,918
Total program services	37,454,815	-	37,454,815
Supporting services:			
Management and general	1,921,875	-	1,921,875
Fundraising	166,355	-	166,355
Total supporting services	2,088,230	-	2,088,230
Total expenses and losses	39,543,045	-	39,543,045
OTHER ITEMS			
Assets transferred to KSU	5,330,726	-	5,330,726
CHANGE IN NET ASSETS	(796,235)	12,335,999	11,539,764
NET ASSETS, BEGINNING	16,173,209	67,363,073	83,536,282
CHANGE IN DONOR INTENT	82,027	(82,027)	-
NET ASSETS, ENDING	$ 15,459,001	$ 79,617,045	$ 95,076,046

See Notes to Consolidated Financial Statements.

2019		
Without Donor Restrictions	With Donor Restrictions	Total
$ 115,670	$ 7,703,873	$ 7,819,543
1,596,723	1,023,393	2,620,116
266,949	1,139,593	1,406,542
91,887	-	91,887
350,539	-	350,539
(1,031,791)	-	(1,031,791)
-	81,480	81,480
40,670,611	-	40,670,611
42,060,588	9,948,339	52,008,927
5,172,284	(5,172,284)	-
47,232,872	4,776,055	52,008,927
2,622,282	-	2,622,282
2,162,062	-	2,162,062
1,097,124	-	1,097,124
981,822	-	981,822
879,340	-	879,340
31,600,682	-	31,600,682
39,343,312	-	39,343,312
1,841,237	-	1,841,237
133,519	-	133,519
1,974,756	-	1,974,756
41,318,068	-	41,318,068
1,064,179	-	1,064,179
4,850,625	4,776,055	9,626,680
11,163,357	62,746,245	73,909,602
159,227	(159,227)	-
$ 16,173,209	$ 67,363,073	$ 83,536,282

KENNESAW STATE UNIVERSITY
FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			
	Scholarships and Awards	Academic Programs and Dean Support	Other University Support	Housing Support
Grants and other assistance to organizations	$ 2,681,983	$ 1,174,612	$ 72,379	$ -
Compensation of current officers	-	-	-	-
Other salaries and wages	-	97,334	217,799	-
Advertising and promotion	-	6,337	-	-
Office expenses	-	88,735	74,099	-
Information technology	-	17,677	381	-
Occupancy	-	12,604	237,009	-
Travel	-	83,258	11,107	-
Conferences, conventions, and meetings	-	327,067	125,516	-
Interest	-	-	-	-
Depreciation	-	-	-	-
Legal fees	-	-	-	-
Investment management fees	-	-	-	-
Other professional and admin fees	-	382,700	173,144	-
Rental operations	-	-	-	-
Promotion and development	-	-	-	-
Dues and professional memberships	-	17,731	51,209	-
Total expenses	$ 2,681,983	$ 2,208,055	$ 962,643	$ -

See Notes to Consolidated Financial Statements.

Program Services			Supporting Services		
University Special Events	Campus Facilities	Total Program Expenses	Management and General	Fundraising	Total Expenses
$ 7,773	$ -	$ 3,936,747	$ -	$ 8,505	$ 3,945,252
-	-	-	220,438	-	220,438
11,728	-	326,861	1,081,662	30,821	1,439,344
1,190	-	7,527	-	-	7,527
78,047	-	240,881	23,627	20,648	285,156
2,130	-	20,188	27,928	-	48,116
199,198	52,007	500,818	147,138	3,438	651,394
86,028	-	180,393	1,995	2,135	184,523
121,187	-	573,770	33,454	28,269	635,493
-	12,991,755	12,991,755	-	-	12,991,755
-	5,089,160	5,089,160	3,511	-	5,092,671
-	-	-	94,150	-	94,150
-	-	-	165,346	-	165,346
24,760	30	580,634	114,370	58,017	753,021
-	12,936,966	12,936,966	-	-	12,936,966
-	-	-	-	9,450	9,450
175	-	69,115	8,256	5,072	82,443
$ 532,216	$ 31,069,918	$ 37,454,815	$ 1,921,875	$ 166,355	$ 39,543,045

KENNESAW STATE UNIVERSITY
FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services			
	Scholarships and Awards	Academic Programs and Dean Support	Other University Support	Housing Support
Grants and other assistance to organizations	$ 2,622,282	$ 1,164,042	$ 480,045	$ 981,822
Compensation of current officers	-	-	-	-
Other salaries and wages	-	-	-	-
Other employee benefits	-	-	-	-
Advertising and promotion	-	19,119	2,348	-
Office expenses	-	188,102	71,051	-
Information technology	-	23,676	-	-
Occupancy	-	6,346	202,235	-
Travel	-	67,733	1,791	-
Conferences, conventions, and meetings	-	431,394	160,356	-
Interest	-	-	-	-
Depreciation	-	-	-	-
Legal fees	-	-	-	-
Accounting	-	-	-	-
Investment management fees	-	-	21,729	-
Other professional and admin fees	-	249,796	48,930	-
Rental operations	-	-	-	-
Promotion and development	-	-	-	-
Dues and professional memberships	-	11,854	60,196	-
Annuity benefit payments	-	-	48,443	-
Total expenses	$ 2,622,282	$ 2,162,062	$ 1,097,124	$ 981,822

See Notes to Consolidated Financial Statements.

Program Services			Supporting Services		
University Special Events	Campus Facilities	Total Program Expenses	Management and General	Fundraising	Total Expenses
$ 222,813	$ 1,064,179	$ 6,535,183	$ -	$ 17,097	$ 6,552,280
-	-	-	295,572	-	295,572
-	-	-	865,828	-	865,828
-	-	-	629	-	629
3,322	-	24,789	981	5,332	31,102
103,734	-	362,887	47,895	20,549	431,331
6,567	-	30,243	15,247	-	45,490
199,599	-	408,180	146,616	225	555,021
103,199	-	172,723	3,061	1,621	177,405
196,833	-	788,583	49,082	71,218	908,883
-	13,372,887	13,372,887	10,739	-	13,383,626
-	5,033,896	5,033,896	3,511	-	5,037,407
1,109	-	1,109	88,253	-	89,362
-	-	-	98,689	-	98,689
-	-	21,729	157,398	-	179,127
38,715	-	337,441	51,934	4,923	394,298
-	12,129,717	12,129,717	-	-	12,129,717
-	-	-	-	9,000	9,000
3,450	-	75,500	5,804	3,554	84,858
-	-	48,443	-	-	48,443
$ 879,341	$ 31,600,679	$ 39,343,310	$ 1,841,239	$ 133,519	$ 41,318,068

KENNESAW STATE UNIVERSITY
FOUNDATION, INC.

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ 11,539,764**	$ 9,626,680
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	**5,092,672**	5,033,895
Amortization expense	**474,345**	493,753
Amortization of bond premiums and original issue discount	**(2,706,496)**	(2,949,861)
Contributions restricted for long-term investment	**(6,527,025)**	(2,217,799)
Loss on write-off of direct financing lease	**-**	1,062,293
Net realized and unrealized (gain) on investments	**(31,950)**	(1,406,542)
(Increase) decrease in:		
Unconditional promises to give	**143,567**	(932,708)
Accounts receivable - related party	**(95,242)**	9,578
Other receivables	**331,420**	(171,752)
Prepaid expenses	**524**	157,963
Other assets	**-**	(3,498)
Increase (decrease) in:		
Accounts payable	**(337,732)**	(462,018)
Accounts payable - related party	**(617,193)**	(74,866)
Funds held for others	**(894)**	80,051
Security deposits payable	**(6,236)**	-
Accrued expenses	**1,076,897**	(657,344)
Accrued interest	**(278,478)**	(314,439)
Annuity obligation	**(550)**	(88,908)
Deferred revenue	**(422,137)**	(288,712)
Net cash provided by operating activities	**7,635,256**	6,895,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal received on net investments in direct financing leases	**8,443,860**	8,172,418
Purchase of property and equipment	**(3,833,661)**	(625,584)
Net purchase of investments	**(8,130,009)**	(1,745,046)
Net cash (used in) provided by investing activities	**(3,519,810)**	5,801,788

See Notes to Consolidated Financial Statements.

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	**6,527,025**	2,217,799
Proceeds from note payable	**470,000**	-
Proceeds from line of credit	**1,090,000**	-
Bond redemption	**(12,575,000)**	(12,715,000)
Net cash (used in) financing activities	**(4,487,975)**	(10,497,201)
Net (decrease) increase in cash	**(372,529)**	2,200,353
Cash and cash equivalents, at beginning of year	**73,788,458**	71,588,105
Cash and cash equivalents, at end of year	**$ 73,415,929**	$ 73,788,458
Cash and cash equivalents	**24,694,203**	20,976,524
Assets limited as to use	**48,721,726**	52,811,934
Cash and cash equivalents, end of year	**$ 73,415,929**	$ 73,788,458
SUPPLEMENTAL DATA FOR FINANCING ACTIVITIES		
Interest paid (excluding capitalized interest)	**$ 15,502,388**	$ 16,139,405

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

Kennesaw State University Foundation, Inc. (the "Foundation") is a nonprofit foundation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Kennesaw State University Foundation's Mission is to be an advocate for Kennesaw State University (the "University") and to receive, invest, account for, and allocate private gifts and contributions in support of the University, a related party, in Cobb County, Georgia. The Foundation provides student housing, parking, and leases administrative, dining, classroom, and athletic space to the University. The Foundation also operates hospitality space.

Significant accounting policies:

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets:

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

Net assets without donor restrictions - Net assets that are not restricted by the donor. These assets are used to support the operations of the Foundation and are at the discretion of the Foundation's Board of Trustees. The Board of Trustees has designated, from net assets without donor restrictions, net assets for designated by the Board for Foundation endowment.

Net assets with donor restrictions - Net assets from contributions and other inflows of assets limited by donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity, and are subject to the fluctuation of investments and periodic allocations made for spending specified by donor stipulations and applicable law. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Expenditures that relate to the fulfillment of the temporary restriction are shown as a reduction in revenue with donor restrictions as net assets released from restrictions.

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

Significant accounting policies: (Continued)

Net Assets: (Continued)

Unrealized and realized gains and losses, and dividends and interest from investing activities may be included in either of these net asset classifications depending on donor-imposed restrictions and the Foundation's interpretation of relevant state law.

Basis of consolidation:

The consolidated financial statements of Kennesaw State University Foundation, Inc. includes the accounts of Kennesaw State University Foundation, Inc., Kennesaw State University Real Estate Foundation, LLC, KSU Center Real Estate Foundation, LLC, KSU Central Parking Deck Real Estate Foundation, LLC, KSU Chastain Pointe Real Estate Foundation, LLC, KSU Dining Hall Real Estate Foundation, LLC, KSU Houses Real Estate Foundation, LLC, KSU Parking Decks Real Estate Foundation, LLC (North, East, and West Decks), KSU Place Real Estate Foundation, LLC (KSU Place I and II), KSU Sports and Recreation Facilities Foundation, LLC, KSU Sports and Recreation Park Real Estate Foundation, LLC, KSU Town Point Real Estate Foundation, LLC, KSU UP Real Estate Foundation, LLC (Austin Residence Complex Phase I), KSU Village I Real Estate Foundation, LLC (University Village and Village Centre), KSU Village II Real Estate Foundation, LLC (University Village Suites), KSU University II Real Estate Foundation, LLC (Austin Residence Complex Phase II, or "ARC II"), KSUF Housing Management, LLC, Kennesaw Hospitality, LLC (Kennesaw Inn), Kennesaw State Properties, LLC, KSU SRAC Real Estate Foundation, LLC (Student Recreation and Activities Center), 3305 Busbee Real Estate Foundation, LLC, KSU Marietta-Hudson Road Real Estate Foundation, LLC, KSU Cobb Parkway Real Estate Foundation, LLC, SPSU Student Housing I, LLC, KSU Special Events, LLC, KSU 1250 Marietta Pkwy Real Estate Foundation, LLC, KSU Howell Hall Real Estate Foundation, LLC, and KSU 2020 Housing Real Estate Foundation, LLC. Intercompany accounts and all significant intercompany transactions have been eliminated.

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

Significant accounting policies: (Continued)

Contributions:

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their estimated fair value less an appropriate allowance for uncollectible amounts. Conditional promises to give are recognized when the existing barriers are met. Promises to give due over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The allowance for doubtful promises to give is based on specifically identified amounts that the Foundation believes to be uncollectible.

An additional allowance is recorded based on certain percentages of aged promises to give, which are determined based on historical experience and management's assessment of the general financial conditions affecting the Foundation's donor base. If actual collections experience changes, revisions to the allowance may be required.

Revenue recognition:

Rental income is recorded under the straight-line method over the lease terms and is recognized when the rental payments become due. Rental agreements are generally year-to-year. Deferred revenue represents rent received for future periods. An allowance is recorded based on historical experience and management's assessment of specific accounts. The Foundation recognizes these revenues in accordance with the FASB's Leases (Topic 842) presentation and disclosure guidance.

Advertising costs:

Advertising costs are charged to income as they are incurred. Advertising costs amounted to $7,527 and $31,102 for the years ended June 30, 2020 and 2019, respectively.

Split-interest agreements:

The Foundation is the beneficiary of one annuity. The Foundation's interest in split-interest agreements is reported as a contribution in the year received at its net present value.

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

Significant accounting policies: (Continued)

Donated services:

Donated services are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Donated service expense, which represents salaries and rents paid by the University on behalf of the Foundation, is reflected under supporting services as management and general expense in the accompanying consolidated statement of activities. Donated services totaled $308,886 and $91,887 for the years ended June 30, 2020 and 2019, respectively.

Investments:

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

Donated art:

Donated art is recorded at fair market value on the date received.

Equipment under direct-financing:

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

Rental property and equipment:

Property and equipment are stated at cost. Substantially all property is held for leasing. Depreciation is computed on the straight-line method over the estimated useful lives of the property and equipment. For property constructed on leased land, the estimated useful life represents the terms of the land lease.

Cash and Cash Equivalents

The amount reported in the statements of financial position as cash and cash equivalents approximates fair value due to the short maturity of these instruments. The Foundation considers all non-restricted highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

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

Rental property and equipment: (Continued)

Maintenance and repairs of equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of equipment, the cost and accumulated depreciation are eliminated from the accounts, and gain or loss is included in the statement of activities.

Debt issuance costs:

Debt issuance costs, comprised principally of underwriting, legal, and printing fees, are recorded as deferred charges and amortized over the term of the debt using the effective interest method.

Bond premiums and discounts:

Bond premiums are presented as an increase of the face amount of bonds payable. Bond discounts are presented as a decrease of the face amount of bonds payable. Both are amortized over the term of the debt using the effective interest method.

Use of estimates:

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

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

Significant accounting policies: (Continued)

Fair value of financial instruments:

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

Cash and cash equivalents and temporary investments - The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments - Investments are carried at fair value based on quoted market prices for those or similar investments. Alternative investments, which are not readily marketable, are carried at estimated fair values as provided by external investment managers. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in estimating the fair value of the alternative investments. The estimated fair values may differ significantly from the values that would have been used had ready markets for these securities existed.

Bond proceeds restricted for construction, debt service, and reserves - Funds held by the trustee are carried at fair value based on quoted market prices for those or similar investments.

Operating funds held by trustee - Funds held by the trustee are carried at fair value based on quoted market prices for those or similar investments.

Bonds payable - Fair value, as disclosed in Note 9, is the price that would be paid to transfer the liability in an orderly transaction between market participants.

Other receivables and payables - The carrying amount approximates fair value because of the short-term maturity of these instruments.

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

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique.

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

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

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

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

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

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

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

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

For the fiscal years ended June 30, 2020 and 2019, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

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

Significant accounting policies: (Continued)

Income tax status:

The Foundation qualified as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's tax-exempt status would not have a material effect on the Foundation's financial statements.

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

The Foundation received income which is considered unrelated business income subject to federal and state income taxes. At June 30, 2020, the Foundation had net operating loss carryforwards of $416,320 available to offset future taxable income and expiring at various dates from 2033 – 2034.

Functional Allocation of Expenses:

The cost of providing the various programs and other activities have been summarized on a functional basis on the consolidated statement of activities. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as required by FASB's Not-for-Profit presentation and disclosure guidance.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include advertising and promotion, office expenses, information technology, occupancy, travel, conferences, conventions and meetings, investment management fees, other professional fees, and dues and professional memberships, which are all allocated on the basis of estimates of time and effort.

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

Significant accounting policies: (Continued)

New accounting pronouncements:

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (ASC Topic 606). The update addresses changes in revenue recognition with an underlying core principle of recognizing a net realizable amount at the time of transfer of a good or service. The adoption of the new standard did not have an impact on the recognition of revenues for any period prior to adoption and has been adopted effective July 1, 2019 using the full retrospective approach. For the year ending June 30, 2020, the Foundation adopted ASU 2014-09 and has adjusted the presentation in these financial statements accordingly. Management fees, which relate to management and administrative services it performs on the endowment portfolio and student housing, are earned over the annual fiscal year, representing the period over which the Foundation satisfied the performance obligation. The adoption of the new standard did not have an effect on the timing of revenue recognition.

In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies and establishes standards for characterizing contributions (nonreciprocal) subject to ASC Topic 958 or as exchange transactions (reciprocal) subject to ASC Topic 606. For the year ending June 30, 2020, the Foundation adopted ASU 2018-08 and has adjusted the presentation in these financial statements accordingly. The adoption of ASU 2018-08 did not have an effect on the timing of revenue recognition of contributions.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The Foundation adopted the provisions of this new standard during the year ended June 30, 2020. The update requires that the statement of cash flows explains the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents have been included with cash and cash equivalents when reconciling the beginning of year and end of year cash total amounts shown on the accompanying statements of cash flows. The accompanying information from the 2019 financial statements has been adjusted to conform to the 2020 presentation and disclosure requirements of ASU 2016-18. This adjustment did not have an effect on total net assets or the change in net assets for 2019.

NOTE 2. CONCENTRATION OF CREDIT RISK

Cash and cash equivalents are maintained at multiple financial institutions and, as a result, credit exposure to any one institution is limited. The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to $250,000 per depositor.

At times, the balance of the Foundation's accounts may exceed the federally insured limits. As of June 30, 2020 and 2019, the Foundation's uninsured cash and cash equivalent balances totaled $29,556,290 and $24,720,548, respectively. The Foundation has not experienced any losses on its cash and cash equivalents and believes it is not exposed to any significant credit risk on cash.

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	**$ 16,122,028**	$ 10,384,712
Promises to give – without donor restriction	**301**	1,961
Rents receivable	**1,251**	129,841
Accounts receivable – other	**139,541**	133,971
Accounts receivable – related party	**432,206**	336,964
Non-endowed investments	**13,333,254**	19,561,094
Assets limited as to use	**48,721,724**	52,811,933
	78,750,305	83,360,476
Designations on liquid assets:		
Board designated assets for housing reserves	**4,292,419**	4,308,975
Board designated assets for scholarships	**887,970**	656,964
Board designated assets for academic learning center	**2,000,000**	2,000,000
Board designated assets for scholarship matching	**1,000,000**	6,000,000
Board designated assets for endowment	**5,000,000**	-
Cash restricted to capital projects	**298,208**	1,608,318
Amounts held or pledges under bond trust agreements	**48,741,407**	53,074,366
	62,220,004	67,648,623
Total financial assets without donor or other restrictions available for general use within one year	**$ 16,530,301**	$ 15,711,853

NOTE 3. LIQUIDITY AND AVAILABILITY (Continued)

As part of the Foundation's liquidity plan, the Foundation allocates approximately half of its annual operating expenses, or approximately $4,000,000, as an operating reserve plus a $2,000,000 working capital reserve. However, due to resource constraints experienced from the impact of COVID, the $4,000,000 operating reserve allocation has been reduced in order to provide Foundation operating funding for fiscal year 2021. Therefore, the operating reserve allocation at June 30, 2020 was approximately $3,300,000. The remaining balance of $13,230,301 is available as undesignated liquid assets. The Foundation has current liabilities at June 30, 2020 of $1,964,240 leaving a remaining balance of $10,598,421 as undesignated and uncommitted liquid assets.

The Foundation's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specified purposes. Donor-restricted endowment funds are not available for general expenditure.

NOTE 4. PROMISES TO GIVE

Promises to give at June 30, 2020 and 2019 consisted of the following unconditional promises to give:

	2020	2019
Promises to give without donor restrictions	**$ 2,522**	$ 3,932
Promises to give with donor restrictions – purpose restrictions	**7,731,167**	7,365,714
Promises to give with donor restrictions – perpetual in nature	**3,701,048**	4,270,495
Unconditional promises to give before discount and allowance for uncollectible pledges	**11,434,737**	11,640,141
Less unamortized discount	**923,791**	1,043,665
Subtotal	**10,510,946**	10,596,476
Less allowance for uncollectible promises to give	**327,082**	269,045
	$ 10,183,864	$ 10,327,431
Amount due in:		
Less than one year	**$ 6,859,857**	$ 4,820,852
One to three years	**3,625,718**	6,178,503
More than three years	**949,162**	640,786
Total	**$ 11,434,737**	$ 11,640,141

For the years ending June 30, 2020 and 2019, the discount rate used was 5 percent.

NOTE 5. INVESTMENTS

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

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Money market funds	$ 5,947,054	$ -	$ -	$ -	$ 5,947,054
Government and agency securities	3,592,775	-	-	-	3,592,775
Corporate bonds	23,261,369	-	-	-	23,261,369
High yield bonds	489,610	-	-	-	489,610
Equity securities:					
Large cap value	2,991,989	-	-	-	2,991,989
Large cap growth	11,393,446	-	-	-	11,393,446
Mid cap	6,337,546	-	-	-	6,337,546
Small cap	4,943,079	-	-	-	4,943,079
International equities	4,199,271	-	-	-	4,199,271
Total equity securities	29,865,331	-	-	-	29,865,331
Mutual funds:					
Bond funds	1,880,278	-	-	-	1,880,278
Emerging markets	1,364,787	-	-	-	1,364,787
Specific strategy	5,490,685	-	-	-	5,490,685
Real estate	-	-	-	1,369,403	1,369,403
Commodities	1,237,701	-	-	-	1,237,701
Total mutual funds	9,973,451	-	-	1,369,403	11,342,854
Total investments at fair value	$ 73,129,590	$ -	$ -	$ 1,369,403	$ 74,498,993

The real estate funds invest primarily in U.S. commercial real estate. The fair values of the investment in this category have been estimated using the net asset value of the Foundation's ownership interest in partners' capital. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Under the Fund's share repurchase plan, redemption can be requested monthly and is subject to acceptance by the Fund manager.

In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalents) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

NOTE 5. INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy described in Note 1, the Foundation's investments at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Money market funds	$ 5,585,822	$ -	$ -	$ -	$ 5,585,822
Government and agency securities	4,224,368	-	-	-	4,224,368
Corporate bonds	13,217,267	-	-	-	13,217,267
High yield bonds	446,548	-	-	-	446,548
Commercial paper	-	6,979,940	-	-	6,979,940
Equity securities:					
Large cap value	2,759,755	-	-	-	2,759,755
Large cap growth	9,784,720	-	-	-	9,784,720
Mid cap	5,406,298	-	-	-	5,406,298
Small cap	4,520,273	-	-	-	4,520,273
International equities	3,120,347	-	-	-	3,120,347
Total equity securities	25,591,393	-	-	-	25,591,393
Mutual funds:					
Bond funds	876,346	-	-	-	876,346
Emerging markets	1,824,387	-	-	-	1,824,387
Specific strategy	4,852,537	-	-	-	4,852,537
Real estate	-	-	-	1,363,830	1,363,830
Commodities	1,374,596	-	-	-	1,374,596
Total mutual funds	8,927,866	-	-	1,363,830	10,291,696
Total investments at fair value	$ 57,993,264	$ 6,979,940	$ -	$ 1,363,830	$ 66,337,034

Investment expenses incurred totaled $165,346 and $179,127 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6. INVESTMENTS IN DIRECT-FINANCING LEASES

The Foundation's leasing operations consist of leasing real estate to the University under direct-financing type leases expiring in various years through 2042.

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

	2020	2019
Total minimum lease payments to be received	**$ 327,552,192**	$ 347,155,928
Less unearned income	**116,217,872**	127,377,748
Net investment	**$ 211,334,320**	$ 219,778,180

NOTE 6. INVESTMENTS IN DIRECT-FINANCING LEASES (Continued)

Net minimum lease payments to be received as of June 30, 2020 are:

June 30,	
2021	$ 9,437,839
2022	9,904,890
2023	10,401,997
2024	10,917,051
2025	11,469,235
Thereafter	159,203,308
	$ 211,334,320

NOTE 7. PROPERTY AND EQUIPMENT

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

	Life	2020	2019
Land	-	$ 5,303,920	$ 5,303,920
Land improvements	-	122,425	122,425
Buildings and improvements	10-39.5	136,254,235	135,719,099
Furniture, fixtures and equipment	5	14,047,950	12,634,543
Computer software	3	82,581	82,581
Construction in progress	-	1,268,266	-
		157,079,377	153,862,568
Less accumulated depreciation		76,086,456	71,610,636
		$ 80,992,921	$ 82,251,932

Property consists of student housing, University facilities, land held for future University development, classroom and office space, athletic facilities, hospitality facilities, dining facilities, and retail space.

The student housing is rented on a year to year basis with terms primarily beginning in August.

Effective July 1, 2017, the Foundation entered into a master lease agreement for the entire Chastain Pointe property with the Board of Regents.

During the year, the Foundation entered into new agreements on two new real estate foundations, KSU Howell Hall Real Estate Foundation and KSU 2020 Housing Real Estate Foundation. Design and engineering costs have been paid on these projects during the year ended June 30, 2020 and the remaining estimated costs to complete are $11,300,000 for Howell Hall Real Estate Foundation and $36,300,000 for KSU 2020 Housing Real Estate Foundation.

NOTE 8. ASSETS LIMITED AS TO USE

The financing of the purchase of various facilities including student housing, parking decks and residential housing is subject to the terms of Trust Indentures between the Development Authority of Cobb County and Trustees. Under the provisions of the Trust Indentures, Debt Service Reserve Funds will be used to pay principal of, premium, if any, and interest on the bonds if insufficient funds are on deposit with the Trustees on the date such payment is due. The Trust Indentures also provide for other funds, including the Repair and Replacement Funds and the Surplus Funds. Pursuant to the Agreements, the Borrower has agreed to deliver the gross revenues attributable to the project to the Trustees for deposit in the Revenue Funds, as applicable, from which the operating expenses of the project, debt service of the bonds, and other amounts will be paid.

Bond Funds were established to be used as sinking funds to pay the principal of, premium, if any, and interest on the bonds.

If on any interest payment date there should be insufficient funds within an account in the bond funds to pay interest, principal or premium due on the respective series of bonds, there shall be transferred to the respective account in the bond funds from the related account in the debt service reserve funds such amounts as are necessary to pay the interest, principal, and premium due on the related series of bonds.

Project Funds were established to maintain bond proceeds which will be used to fund construction. At project completion, any excess in this fund can only be used to repay debt.

A summary of the assets limited as to use held by the Trustee under the Trust Indenture as of June 30, 2020 and 2019 is as follows:

	2020	2019
Revenue Funds	**$ 99,519**	$ 5,825
Debt Service Funds	**16,691,139**	16,634,694
Surplus Funds	**2,719,644**	4,976,865
Bond Funds	**19,466,554**	18,790,266
Project Funds	**129,644**	128,294
R&R Funds	**9,615,226**	12,275,990
	$ 48,721,726	$ 52,811,934

NOTE 9. BONDS PAYABLE

Series 2010 Sports Stadium and Recreation Park Bonds Payable:

During the year ended June 30, 2011, the Development Authority of Cobb County issued Sports and Recreation Lease Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2010A, B, and C facilities bonds were issued to finance the purchase of land, and the cost of construction for the sports stadium and recreation park.

The bonds were issued in the aggregate principal amount of $66,830,000. The bonds consist of three series, the “University Facilities Series 2010A” in the amount of $43,790,000, the “University Facilities Taxable Series 2010B” in the amount of $5,255,000, and the “Recovery Zone Facility Series 2010C” in the amount of $17,785,000.

The Series 2010A and 2010C bonds will mature on July 15, 2040, subject to mandatory and optional redemption provisions. The Series 2010B bonds will mature on July 15, 2020, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, at rates, set at issuance, ranging from 4.00% to 5.125%.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2010 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)		Facilities 2010B and C Bonds
2021	$	1,035,000
2022		420,000
2023		475,000
2024		535,000
2025		590,000
Thereafter		15,500,000
	$	18,555,000

NOTE 9. BONDS PAYABLE (Continued)

Series 2011 Student Housing Bonds Payable:

During the year ended June 30, 2012, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2011 bonds were issued to finance the construction of the 2011 Housing project.

The bonds were issued in the aggregate principal amount of $30,215,000. The Series 2011 bonds will mature on July 15, 2041, subject to mandatory and optional redemption provisions.

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates, set at issuance, ranging from 3.00% to 5.00%.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2011 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	2011 Bonds
2021	$ 725,000
2022	760,000
2023	800,000
2024	825,000
2025	860,000
Thereafter	22,400,000
	$ 26,370,000

NOTE 9. BONDS PAYABLE (Continued)

Series 2013 Student Recreation and Activities Center Bonds Payable:

During the year ended June 30, 2013, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2013 bonds were issued to finance the construction of the 2013 Student Recreation and Activities Center project.

The bonds were issued in the aggregate principal amount of $43,290,000. The Series 2013 bonds will mature on July 15, 2042, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, at rates, set at issuance, ranging from 3.00% to 5.00%.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2013 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)		2013 Bonds
2021	$	1,095,000
2022		1,135,000
2023		1,180,000
2024		1,230,000
2025		1,280,000
Thereafter		33,310,000
	$	39,230,000

Series 2013 Student Housing Refunding Bonds Payable:

During the year ended June 30, 2014, the Development Authority of Cobb County issued Student Housing Refunding Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2013A and B bonds were issued to refund $6,285,000 of the 2004A Student Housing Senior Series and $27,205,000 of the 2004C Student Housing Subordinate Series.

The bonds were issued in the aggregate principal amount of $36,195,000. The bonds consist of two series, the “Student Housing Senior Series 2013A” in the amount of $7,260,000 and the “Student Housing Subordinate Series 2013B” in the amount of $28,935,000. The Series 2013A will mature on July 15, 2036, subject to mandatory and optional redemption provisions. The Series 2013B will mature on July 15, 2026, subject to mandatory and optional redemption provisions.

NOTE 9. BONDS PAYABLE (Continued)

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates set at issuance ranging from 2.00% to 5.25%.

The terms of the bonds require the Foundation to set rates and charges for the Housing project, such that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.2.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Housing Series 2013 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)		Housing 2013A and B Bonds
2021	$	2,175,000
2022		2,275,000
2023		2,380,000
2024		2,485,000
2025		1,975,000
Thereafter		15,050,000
	$	26,340,000

<u>Series 2013 Housing Refunding Bonds Payable:</u>

During the year ended June 30, 2013, the Development Authority of the City of Marietta issued Student Housing Facilities Refunding Revenue bonds and loaned the proceeds to the SPSU Student Housing I, LLC, a subsidiary of the Foundation. The Series 2013 bonds were issued to refund the SPSU 2003 Series bonds. The refund met the legal requirements for defeasance of the bond liability.

The bonds were issued in the aggregate principal amount of $27,130,000. The bonds consist of one series in the amount of $27,130,000. The Series 2013, will mature on July 15, 2029, subject to mandatory and optional redemption provisions.

The bonds bear interest, payable semiannually on June 15th and December 15th, at rates set at issuance ranging from 2.00% to 5.00%.

The terms of the bonds require the Foundation to set rates and charges for the University Facilities, such that the debt service coverage ratio, calculated at the end of each fiscal year will not be less than 1.0.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2013 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (June 15,)	2013 Student Housing Refunding
2021	$ 1,750,000
2022	1,790,000
2023	1,840,000
2024	1,935,000
2025	2,030,000
Thereafter	7,090,000
	$ 16,435,000

Series 2014 Student Housing Refunding Bonds Payable:

During the year ended June 30, 2015, the Development Authority of Cobb County issued Student Housing Refunding Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2014A, B and C bonds were issued to refund $21,455,000 of the 2004A Student Housing Senior Series, $9,005,000 of the 2004C Student Housing Subordinate Series, and $16,035,000 of the 2004D Student Housing Subordinate Series.

The bonds were issued in the aggregate principal amount of $46,540,000. The bonds consist of three series, the “Student Housing Senior Series 2014A” in the amount of $21,520,000, the “Student Housing Subordinate Series 2014B” in the amount of $9,220,000 and the “Student Housing Junior Subordinate Series 2014C” in the amount of $15,820,000. The Series 2014A will mature on July 15, 2036, subject to mandatory and optional redemption provisions. The Series 2014B will mature on July 15, 2036, subject to mandatory and optional redemption provisions. The Series 2014C will mature on July 15, 2036, subject to mandatory and option redemption provisions.

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates set at issuance ranging from 3.00% to 5.00%.

The terms of the bonds require the Foundation to set rates and charges for the Housing project, such that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.2.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Housing Series 2014 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	Housing 2014A, B and C Bonds
2021	$ 895,000
2022	940,000
2023	985,000
2024	1,040,000
2025	1,085,000
Thereafter	37,645,000
	$ 42,590,000

Series 2015 Student Housing Refunding Bonds Payable:

During the year ended June 30, 2015, the Development Authority of Cobb County issued Student Housing Refunding Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2015A, B, and C bonds were issued under the 2004 Master Trust Indenture to refund $12,560,000 of the 2004D Student Housing Subordinate Series, $25,250,000 of the 2007A Student Housing Senior Series, $7,510,000 of the 2007B Student Housing Subordinate Series, and $14,860,000 of the 2007C Student Housing Junior Subordinate Series.

The bonds were issued in the aggregate principal amount of $59,790,000. The bonds consist of three series, the “Student Housing Senior Series 2015A” in the amount of $24,465,000, the “Student Housing Subordinate Series 2015B” in the amount of $8,145,000 and the “Student Housing Junior Subordinate Series 2015C” in the amount of $27,180,000. The Series 2015A, B and C will mature on July 15, 2038, subject to mandatory and optional redemption provisions.

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates set at issuance ranging from 2.00% to 5.00%.

The terms of the bonds require the Foundation to set rates and charges for the Housing project, such that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.2.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Housing Series 2015 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	Housing 2015A, B and C Bonds
2021	$ 1,390,000
2022	1,450,000
2023	1,520,000
2024	1,700,000
2025	1,765,000
Thereafter	46,865,000
	$ 54,690,000

Series 2015 Parking and University Facilities Revenue Bonds Payable:

During the year ended June 30, 2016, the Development Authority of Cobb County issued Parking and University Facilities Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2015 bonds were issued to refund $23,125,000 of the 2004 Parking Series, $5,450,000 of the 2004 Facilities Series, and $11,030,000 of the 2006A Facilities Series.

The bonds were issued in the aggregate principal amount of $37,285,000. The bonds consist of one series in the amount of $37,285,000. The Series 2015 will mature on July 15, 2030, subject to mandatory and optional redemption provisions.

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates set at issuance ranging from 3.00% to 5.00%.

The terms of the bonds require the Foundation to set rates and charges for the Parking and Facilities project, such that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Parking and Facilities 2015 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	Parking and Facilities 2015
2021	$ 2,640,000
2022	2,770,000
2023	2,900,000
2024	3,010,000
2025	3,150,000
Thereafter	13,025,000
	$ 27,495,000

Series 2017 Parking and Dining Hall Refunding Lease Revenue Bonds Payable:

During the year ended June 30, 2017, the Development Authority of Cobb County issued the Parking and Dining Hall Refunding Lease Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2017 bonds were issued to refund $31,770,000 of the 2007 Parking Series and $19,510,000 of the 2008 Dining Hall Series.

The bonds were issued in the aggregate principal amount of $46,085,000. The bonds consist of one series in the amount of $46,085,000. The Series 2017 will mature on July 15, 2039, subject to mandatory and optional redemption provisions.

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates set at issuance ranging from 2.00% to 5.00%.

The terms of the bonds require the Foundation to set rates and charges for the Parking and Dining Hall project, such that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Parking and Dining Hall 2017 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)		Parking and Dining Hall 2017
2021	$	1,385,000
2022		1,455,000
2023		1,525,000
2024		1,605,000
2025		1,680,000
Thereafter		35,550,000
	$	43,200,000

Series 2017 Sports and Recreation Park Lease Revenue Refunding Bonds Payable:

During the year ended June 30, 2018, the Development Authority of Cobb County issued the Sports and Recreation Park Lease Revenue Refunding bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2017 bonds were issued to refund $43,560,000 of the University Facilities 2010A Series.

The bonds were issued in the aggregate principal amount of $42,580,000. The bonds consist of one series in the amount of $42,580,000. The Series 2017 will mature on July 15, 2040, subject to mandatory and optional redemption provisions.

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates set at issuance ranging from 3.25% to 5.00%.

The terms of the bonds require the Foundation to set rates and charges for the Sports and Recreation Park project, such that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Sports and Recreation Park 2017 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	Sports and Recreation 2017
2021	$ 230,000
2022	1,470,000
2023	1,505,000
2024	1,540,000
2025	1,585,000
Thereafter	36,480,000
	$ 42,810,000

Summary:

A summary of the components of bonds payable at June 30, 2020 and 2019 is as follows:

	2020	2019
Series 2010 bonds payable	**$ 18,555,000**	$ 19,810,000
Series 2011 bonds payable	**26,370,000**	27,060,000
Series 2013 bonds payable	**82,005,000**	86,840,000
Series 2014 bonds payable	**42,590,000**	43,445,000
Series 2015 bonds payable	**82,185,000**	86,035,000
Series 2017 bonds payable	**86,010,000**	87,100,000
Unamortized original issue premium, net	**12,033,228**	14,739,723
Unamortized bond issue costs, net	**(4,630,424)**	(5,104,768)
	$ 345,117,804	$ 359,924,955

Bond interest expense incurred totaled $12,991,759 and $13,372,892 for the years ended June 30, 2020 and 2019, respectively.

The fair value of the bonds at June 30, 2020 and 2019 was $376,195,729 and $384,024,997, respectively.

NOTE 10. NOTE PAYABLE

On April 21, 2020, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of approximately $470,000 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Company's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Foundation. The Foundation intends to apply for forgiveness of the PPP Loan with respect to these covered expenses. To the extent that all or part of the PPP Loan is not forgiven, the Foundation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in October 2021 principal and interest payments will be required through the maturity date in April 2025. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

NOTE 11. LINE OF CREDIT

During the year ended June 30, 2020, the Foundation entered into a unsecured line of credit agreement with a bank. Under the agreement, the Foundation may borrow up to $3,000,000. The line of credit agreement matures on August 14, 2021 with interest due monthly at the one (1) month LIBOR Rate plus 1.25% (1.4325% as of June 30, 2020). The Organization's outstanding line of credit balance was $1,090,000 at June 30, 2020.

NOTE 12. SPLIT-INTEREST AGREEMENTS

During 2002, the Foundation received a charitable gift of stock in exchange for the Foundation's promise to pay a fixed amount for a specified period of time to the donor. During 2017, the Foundation acquired a second split-interest agreement as a result of the acquisition of The Polytechnic Foundation. During 2019, the obligation of the first agreement was met and the funds were transferred to an endowment as required by the agreement. The gifts received are included in investments at a fair value of $12,555 and $12,995 at June 30, 2020 and 2019, respectively. The annuity obligations are $2,265 and $2,815 at June 30, 2020 and 2019, respectively. The present value of the annuity liabilities were calculated using a 3.4% discount rate.

NOTE 13. LEASE COMMITMENTS

The Foundation entered into four ground leases in August 2001 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating, and maintaining a student housing facility (Austin Residence Complex Phase I), two parking decks, and an expansion of one parking deck. The primary term of the student housing facility ground lease is thirty years and the primary term of the three parking deck leases is twenty-five years. The Foundation agreed to pay the Board of Regents of the University System of Georgia the sum of one dollar per year in advance upon execution of three of the leases. The Foundation agreed to pay the Board of Regents of the University System of Georgia the sum of $197,600 per year for the North Deck ground lease.

The Foundation entered into a ground lease in October 2003 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating, and maintaining a student housing facility (University Village). The primary term of the student housing facility ground lease was twenty five years. The Foundation entered into an amendment agreement in June 2010 with the Board of Regents of the University System of Georgia to extend the lease maturity terms of the original lease by an additional five years and eight months, extending the lease life to over thirty years. In the amendment agreement, the Foundation agreed to pay the lessor the sum of $20,000 per year.

The Foundation entered into a ground lease in October of 2007 with the Board of Regents of the University System of Georgia for the purposes of erecting, operating and maintaining student housing (Village Suites). The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a ground lease in November of 2007 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating and maintaining a parking deck (Central Parking Deck). The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a ground lease in November of 2008 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating and maintaining a dining hall. The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

NOTE 13. LEASE COMMITMENTS (Continued)

The Foundation entered into a ground lease in August of 2011 with the Board of Regents of the University System of Georgia for the purposes of erecting, operating and maintaining student housing (Austin Residence Complex Phase II). The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a ground lease in March of 2013 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating and maintaining a student recreation activity center. The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a lease in November 2019 with Machinist Union: Local Lodge 709 - for the purpose of providing parking for the Marietta Campus. The primary term of the student housing facility ground lease was five years. In the agreement, the Foundation agreed to pay the lessor the sum of $54,000 per year plus 1.5% of the prior year’s use fee annually, for each subsequent year that the contract remains in effect.

The Foundation entered into a lease commencing in July 2020 with Cobb Galleria for the purpose of providing professional education. The term of the lease is two years. The Foundation agrees to pay $23,908 monthly rent for the first year of the lease followed by $24,625 in the second year.

The Foundation entered into a lease with 1250 South Marietta Parkway commencing in March 2019 for the Greyhound property. In March 2020, the Foundation agreed to a four year renewal through March 2024. The Foundation agrees to pay $42,000 annually in $3,500 monthly installments throughout the term of the lease.

Title to the improvements vest with the Lessee until the end of the primary term, unless sooner terminated pursuant to the terms of the lease. The Foundation agreed to convey right, title, and interests and surrender possession of the premises and improvements at the expiration of the primary term or such date of earlier termination pursuant to the provisions of the lease.

At June 30, 2020, future minimum lease payments payable under the noncancelable operating leases described in the preceding paragraphs are due as follows:

Years ending June 30,		Totals
2021	$	601,030
2022		610,455
2023		315,788
2024		306,131
2025		236,705
Thereafter		1,010,400
	$	3,080,509

NOTE 14. MANAGEMENT AGREEMENT

On February 1, 2017 the Foundation entered into a management agreement with a third party for the management of Chastain Pointe. In December, 2019, the Foundation did not renew its management agreement with the third party, and turned operations over to the University. The terminated agreement provided for a monthly payment of $3,030. Management fee expense related to these agreements amounted to $18,180 and $36,360 for the years ended June 30, 2020 and 2019, respectively.

In December 2005, the Foundation entered into a management agreement with a third party for the management of Town Point. The Foundation also did not renew its management agreement with this third party and turned operations over to the University. The terminated agreement provided for a monthly payment of $3,950. Management fee expense related to this agreement amounted to $23,700 and $46,896 for the years ended June 30, 2020 and 2019.

In November, 2016, the Foundation entered into a management agreement with a third party to manage a hotel purchased by a wholly owned subsidiary. The agreement provides for a monthly payment of 3.5% of the hotel's gross monthly revenues (with a minimum $3,500) plus $500 for monthly financial statement reporting. Management fee expense related to these agreements amounted to $48,112 and $49,639 for the years ended June 30, 2020 and 2019, respectively.

NOTE 15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose or periods.

	2020	2019
Subject to expenditure for specified purpose:		
Academic and program support	**$ 10,339,890**	$ 9,107,726
Scholarships	**10,364,431**	6,304,983
Special events	**1,922,657**	1,916,507
Other University support	**1,553,659**	1,718,186
Promises to give, the proceeds from which have been restricted by donor for:		
Academic & program support	**4,948,110**	4,685,600
Scholarships	**1,567,220**	1,852,710
Special events	**8,874**	14,428
Other University support	**321,395**	-
	31,026,236	25,600,140
Subject to the passage of time:		
Assets held under split-interest agreements	**9,026**	9,026
	9,026	9,026
Underwater endowments:	**(74,700)**	(50,799)

NOTE 15. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Perpetual in nature:		
Subject to NFP endowment spending policy and appropriation:		
Scholarships	**26,260,715**	19,736,118
Program support	**19,057,805**	18,295,855
Promises to give, the proceeds from which have been restricted by donor for:		
Scholarships	**2,888,963**	3,487,733
Program support	**449,000**	285,000
	48,656,483	41,804,706
Total net assets with donor restrictions	**$ 79,617,045**	$ 67,363,073

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

	2020	2019
Subject to expenditure for specified purpose:		
Cash	**$ 7,679,207**	$ 10,460,747
Promises to give	**6,770,900**	6,501,939
Investments	**16,740,087**	8,851,032
Accounts payable and accrued expenses	**(229,632)**	(255,351)
Total Subject to expenditure for specified purpose	**30,960,562**	25,558,367
Perpetual in nature:		
Cash	**892,868**	107,065
Promises to give	**3,337,963**	3,772,733
Investments	**44,425,652**	37,924,908
Total Perpetual in nature	**48,656,483**	41,804,706
Total net assets with donor restrictions:	**$ 79,617,045**	$ 67,363,073

NOTE 16. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2020 and 2019 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	2020	2019
Scholarships and awards	**$ 2,012,992**	$ 1,975,402
Academic programs	**2,126,945**	2,115,749
Special events and programs	**244,929**	451,153
Other university support	**655,070**	629,980
	$ 5,039,936	$ 5,172,284

NOTE 17. ENDOWMENT

The Foundation's endowment consists of approximately 330 individual funds established by donors to provide annual funding for a variety of purposes.

Interpretation of Relevant Law

The Board of Trustees of the Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act ("UPMIFA") of 2008 as requiring the assets of an endowment fund be donor restricted until allocated for spending, unless otherwise specifically stated in the gift instrument.

The Board believes this interpretation is consistent with the established Board approved investment and spending policy. In accordance with the investment policy and UPMIFA, all restricted endowment assets are invested in the endowment pool on a pooled basis until allocated for spending.

As a result of this interpretation, for accounting and financial statement purposes, the Foundation classifies the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments with the net assets with donor restrictions.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar assets classes while assuming a moderate level of investment risk. The following are benchmark indexes: ICE BofAML 0-3 Month T-Bills, Russell Top 200 Index, Russell Mid Cap Index, Russell 2000 Index, MSCI EAFE Free Index (Net), MSCI EMF TR Net EmrgMrkts, BBG Barclays US Aggregate Bond Index, ICE BOFAML Global Broad Market ex, BBG Barclays Global High Yield Index, HFRX Global Hedge Fund Index, Russell Microcap Index, 50% NCREIF TBI, 50% NCREIF Property and Bloomberg Commodity Index Total Return. The target rate of the return for the KSU Foundation is 6.75%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy 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 (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

NOTE 17. ENDOWMENT (Continued)

At June 30, 2020 and 2019, the target assets allocations were as follows:

	2020	2019
Cash	**2%**	2%
Large Cap Domestic Equity	**20%**	20%
Mid Cap Domestic Growth Equity	**12%**	12%
Small Cap Domestic	**9%**	9%
Domestic Bonds	**17%**	17%
Foreign Bonds	**2%**	2%
High Yield Bonds	**2%**	2%
International Equity	**11%**	11%
Emerging Markets	**5%**	5%
Commodities	**3%**	3%
Real Estate	**3%**	3%
Specific Strategy	**14%**	14%
	100%	100%

The Endowment Net Asset Composition by type of Fund as of June 30, 2020 is as follows:

	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Non-restricted endowment funds			
Board designated honors program matching fund	$ **5,000,000**	$ **-**	$ **5,000,000**
Donor-restricted endowment funds			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	**-**	**45,318,520**	**45,318,520**
Accumulated investment gains	**-**	**8,819,207**	**8,819,207**
Total funds	**$ 5,000,000**	**$ 54,137,727**	**$ 59,137,727**

The Endowment Net Asset Composition by type of Fund as of June 30, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	$ -	$ 38,031,973	$ 38,031,973
Accumulated investment gains	-	9,433,970	9,433,970
Total funds	$ -	$ 47,465,943	$ 47,465,943

NOTE 17. ENDOWMENT (Continued)

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2020, funds with original gift values of $1,774,277, fair values of $1,699,577, and deficiencies of $74,700 were reported in net assets with donor restrictions. At June 30, 2019, funds with original gift values of $1,449,128, fair values of $1,398,329, and deficiencies of $50,799 were reported in net assets with donor restrictions.

Spending Policy and How the Investment Objectives Related to Spending Policy

In accordance with UPMIFA the Foundation considers the following factors in making a determination to appropriate and allocate assets for spending or accumulate assets of an endowment fund:

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

The Foundation had an endowment spending policy for the year ending June 30, 2020 appropriating for distribution 0% to 4% calculated based on the average fair value balance of the last 4 rolling quarters as of the calendar year-end of preceding fiscal year that was adjusted using a sliding scale based on its endowment fund's fair value as of the calendar year-end of preceding fiscal year in which the distribution is planned. For the year ending June 30, 2019, the endowment spending policy appropriated 0% to 3.65% calculated based the fair value balance as of the calendar year-end of the preceding fiscal year that was adjusted using a sliding scale from its endowment fund's fair value as of the calendar year-end of preceding fiscal year in which the distribution is planned. The slide scale was based on the balance of each endowment in relation to the corpus balance of each endowment.

NOTE 17. ENDOWMENT (Continued)

Changes in Endowment net assets for the years ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	**$ -**	**$ 47,465,943**	**$ 47,465,943**
Investment return, net	**-**	**541,380**	**541,380**
Contributions	**-**	**7,045,715**	**7,045,715**
Appropriation of endowment assets pursuant to spending-rate policy	**-**	**(1,262,788)**	**(1,262,788)**
Transfers to comply with donor intent	**-**	**347,477**	**347,477**
Honors Program Matching Fund	**5,000,000**	**-**	**5,000,000**
Endowment net assets, end of year	**$ 5,000,000**	**$ 54,137,727**	**$ 59,137,727**

Changes in Endowment net assets for the years ended June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 44,452,793	$ 44,452,793
Investment return, net	-	1,792,698	1,792,097
Contributions	-	2,010,189	2,010,189
Appropriation of endowment assets pursuant to spending-rate policy	-	(1,179,819)	(1,179,819)
Transfers to comply with donor intent	-	390,082	390,082
Endowment net assets, end of year	$ -	$ 47,465,943	$ 47,465,342

The board designated endowment for the KSU Journey Honors College Endowment Matching Fund consists of $5,000,000 that the Foundation was contractually obligated to set aside to fund matching gifts. The board designated endowments purpose is to match 50% of any endowed gift, or legally binding pledge of at least $50,000, to a named endowment fund for the exclusive support of the KSU Journey Honors College, up to a maximum of $5,000,000.

NOTE 18. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, the Foundation entered into a memorandum of understanding with the University to manage the Foundation's housing properties. Total fees paid to the University under this agreement were $365,972 and $475,746 for the years ended June 30, 2020 and 2019, respectively.

The Foundation entered into an agreement with the University to manage certain Sports Park events. Total fees paid to the Foundation under this agreement was $198,192 and $192,478 for the years ended June 30, 2020 and 2019, respectively. The Foundation also has a sublease agreement with the University for its use of the Sports Park. Total fees paid to the University under this agreement were $198,192 and $192,478 for June 30, 2020 and 2019, respectively.

During the year ended June 30, 2020, the Foundation entered into an agreement with the University to sublease property at 1032 S. Marietta Parkway SE, Marietta, GA 30060 for the use of parking for the Marietta campus. Total fees paid to the Foundation under this agreement were $36,000 for the year ended June 30, 2020.

During the year ended June 30, 2020, the Foundation entered into an agreement with the University to sublease property at 100 Galleria Parkway, Atlanta, Ga 30339 for the use of additional classroom space, commencing on July 1, 2020.

The University continues to handle more housing operations from the Foundation. During the year ended June 30, 2020 and 2019, the Foundation transferred $5,330,726 and $1,064,179 in operating cash to the University. The transfer is shown in Other Items on the Statement of Activities.

At June 30, 2020 and 2019, amounts due from the University are as follows:

	2020	2019
Operating Accounts Receivable	**$ 432,206**	$ 336,964

NOTE 18. RELATED PARTY TRANSACTIONS (Continued)

At June 30, 2020 and 2019, amounts due to the University are as follows:

	2020	2019
Housing MOU	$ 111,503	$ 996,188
Resident Housing Fee Payable	50,951	20,850
Operating Accounts Payable	574,853	504,903
Scholarships payable	169,853	2,412
	$ 907,160	$ 1,524,353

NOTE 19. EFFECTS OF COVID-19 CORONAVIRUS

The worldwide spread of COVID-19, a respiratory disease caused by a novel strain of coronavirus has reached most areas in the State of Georgia and is considered a Public Health Emergency of International Concern by the World Health Organization. As part of a statewide response, the Board of Regents stopped in-person instruction at all campuses within the University System, including the University, on March 16, 2020 and commenced remote student instruction for the remainder of the 2019-2020 school year, including summer 2020. The Foundation refunded $3,352,761 in housing fee payments to its student residents in Spring 2020 in cooperation of a system-wide prorated repayment related to the cessation of in-person program delivery. As of June 30, 2020, the University has received approximately $27,900,000 in financial relief from the federal Coronavirus Aid, Relief and Economic Act which has been allocated equally between direct student aid and expense reimbursement for the University. The University has employed those monies to offset the refunds, recoup the cost of implementing online coursework and pay for coronavirus-related supplies for the upcoming academic year. As part of that offset, the Board of Regents approved the internal transfer of University educational and general funds to supplement auxiliary shortfalls. This included approval of a $1,800,000 payment to the Foundation to offset refunds due to the Foundations participation. This $1,800,000 was accounted for as revenue and contributed to the Foundation in meeting the debt service coverage ratio requirements.

The University has developed a plan for operations for the current 2020-2021 academic year as part of a comprehensive system-wide planning initiative, which includes both in-person and remote instruction contingencies. All of the University's summer 2020 classes were taught remotely. On August 17, 2020, the University began the fall semester on its campuses with in-person instruction with certain social distancing protocols and health and safety measures in place, including, but not limited to, providing COVID-19 testing for students, reusable cloth masks for all students, faculty and staff, enhanced cleaning protocols, reconfigured classrooms and labs to reduce capacity and isolation and quarantine procedures for residential students. The Foundation may continue to experience adverse impacts as a result of any continued duration, spread, and impact of the COVID-19 pandemic.

NOTE 20. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring through September 4, 2020, the date on which the financial statements were available to be issued.