

SAVANNAH STATE UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Savannah State University Foundation, Inc. and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Savannah State University Foundation, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2014 and 2013, and the related consolidated statements of activities 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Savannah State University Foundation, Inc. and Subsidiaries as of June 30, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplemental Information

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

TJS Deemer Dana LLP

Savannah, Georgia
October 9, 2014

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 1,249,658	\$ 184,190
Investments	169,140	151,804
Restricted bond proceeds	3,533,247	4,147,872
Lease receivables	90,384,849	91,700,566
Other receivables	301,261	298,912
Prepaid expenses	6,402	6,198
Intangible assets - net of accumulated amortization	2,352,072	2,416,901
Land	<u>7,590</u>	<u>7,590</u>
	<u>\$ 98,004,219</u>	<u>\$ 98,914,033</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 13,415	\$ 91,021
Accrued liabilities	307,618	268,523
Note payable	2,116,848	-
Interest rate swap liability	9,907,467	9,946,852
Revenue bonds payable	<u>81,738,304</u>	<u>82,947,750</u>
	<u>94,083,652</u>	<u>93,254,146</u>
NET ASSETS		
Unrestricted	3,718,270	5,478,564
Temporarily restricted	92,297	71,323
Permanently restricted	<u>110,000</u>	<u>110,000</u>
	<u>3,920,567</u>	<u>5,659,887</u>
	<u>\$ 98,004,219</u>	<u>\$ 98,914,033</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30,

	2014			Total	2013 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUE					
Contributions	\$ 52,156	\$ 7,886	\$ -	\$ 60,042	\$ 73,449
Fundraising	18,023	-	-	18,023	4,240
Interest and dividend income	4,468,692	7,802	-	4,476,494	4,518,978
Gain on sale of leased assets	-	-	-	-	185,993
Net realized and unrealized gain on investments	-	9,686	-	9,686	3,270
Rental income	678,338	-	-	678,338	465,788
Other Income	34,221	-	-	34,221	-
Net assets released from program restrictions	4,400	(4,400)	-	-	-
Total support and revenue	<u>5,255,830</u>	<u>20,974</u>	<u>-</u>	<u>5,276,804</u>	<u>5,251,718</u>
EXPENSES					
Program expenses	26,676	-	-	26,676	16,558
Scholarships	70,279	-	-	70,279	38,500
Management and general	105,325	-	-	105,325	91,526
Amortization	110,666	-	-	110,666	106,875
Rental expenses	2,267,587	-	-	2,267,587	160,742
Insurance	-	-	-	-	16,452
Interest	4,332,906	-	-	4,332,906	3,966,970
Bank charges and fees	48,081	-	-	48,081	49,235
Professional fees	93,989	-	-	93,989	65,469
Total expenses	<u>7,055,509</u>	<u>-</u>	<u>-</u>	<u>7,055,509</u>	<u>4,512,327</u>
NET INCREASE (DECREASE)	(1,799,679)	20,974	-	(1,778,705)	739,391
CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENTS					
	<u>39,385</u>	<u>-</u>	<u>-</u>	<u>39,385</u>	<u>4,825,493</u>
INCREASE (DECREASE) IN NET ASSETS	(1,760,294)	20,974	-	(1,739,320)	5,564,884
NET ASSETS - beginning of year	<u>5,478,564</u>	<u>71,323</u>	<u>110,000</u>	<u>5,659,887</u>	<u>95,003</u>
NET ASSETS - end of year	<u>\$ 3,718,270</u>	<u>\$ 92,297</u>	<u>\$ 110,000</u>	<u>\$ 3,920,567</u>	<u>\$ 5,659,887</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30,

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (1,739,320)	\$ 5,564,884
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Amortization of intangible assets	110,666	106,875
Net amortization of bond premiums and discount	10,554	10,543
Net change of investments	(17,336)	(10,601)
Gain on sale of leased assets	-	(185,993)
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Other receivables	(2,349)	71,791
Prepaid expenses	(204)	1,184
Intangible assets	(45,837)	-
Increase (decrease) in liabilities		
Accounts payable	(77,606)	(613,156)
Accrued liabilities	39,095	(7,174)
Interest rate swap liability	(39,385)	(4,825,493)
Net cash provided by (used in) operating activities	<u>(1,761,722)</u>	<u>112,860</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from payment of lease receivables	1,315,717	657,446
Construction costs	-	(1,184,069)
Net cash provided by (used in) investing activities	<u>1,315,717</u>	<u>(526,623)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of long-term debt	2,240,000	-
Payments of long-term debt	(123,152)	-
Repayment of principal on revenue bonds	(1,220,000)	(1,175,000)
Net cash provided by (used in) financing activities	<u>896,848</u>	<u>(1,175,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	450,843	(1,588,763)
BEGINNING CASH AND CASH EQUIVALENTS	<u>4,332,062</u>	<u>5,920,825</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 4,782,905</u></u>	<u><u>\$ 4,332,062</u></u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 1. NATURE OF OPERATIONS

The Savannah State College Foundation, Inc. (the "Foundation") was incorporated in the State of Georgia on February 29, 1972, as a not-for-profit corporation. The purpose of the Foundation was the establishment of an endowment fund to be used for the advancement of Savannah State College and for the promotion of the education and welfare of faculty and students. The Foundation changed its name to the Savannah State University Foundation, Inc. effective February 22, 2008.

The SSU Foundation Real Estate Ventures, LLC ("REV"), a wholly-owned subsidiary of the Foundation, was organized as a single member limited liability company on March 31, 2006. The purpose of REV is to acquire, renovate, operate, and manage two apartment complexes as student housing on the campus of Savannah State University (the "University"). REV is included in the consolidated financial statements of the Foundation.

The SSU Community Development I, LLC ("CDI"), a wholly-owned subsidiary of the Foundation, was organized as a single member limited liability company on July 16, 2010. The purpose of CDI is to acquire and develop land for a sports and intramural complex and to construct and furnish three new buildings and renovate an existing building as student housing on the campus of the University. CDI is included in the consolidated financial statements of the Foundation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Net assets and changes in net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Bond Proceeds

Proceeds from the issuance of the bonds payable are held by an independent trustee and are restricted for the purpose of funding construction costs, interest, debt service reserves, cost of issuance, and administrative fees. Investments made by the trustee are in accordance with the trust indenture and are carried at fair market value, and are included with cash and cash equivalents on the consolidated statements of cash flows.

Revenue Recognition

The Foundation accounts for contributions and unconditional promises-to-give as revenue in the period received at their fair value. Revenue from investment and rental activities is recognized as earned.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments

Investments consist of money market funds, mutual funds, and marketable securities. Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with realized and unrealized gains and losses included in the consolidated statements of activities.

Fair Value of Financial Instruments

Cash and cash equivalents, restricted bond proceeds, receivables, prepaid expenses, accounts payable, and accrued liabilities are carried at amounts which approximate their fair value due to the short-term nature of these instruments. Lease receivables are carried at an amount net of unearned interest income which approximates fair value. Bonds payable are carried at the amounts owed, which approximates fair value.

Depreciation and Amortization

Bond issuance costs and fees incurred to secure financing are amortized over the term of the bonds using the straight-line method and are presented net of accumulated amortization. Bond premiums and discount are amortized over the term of the bonds using the straight-line method and are included in interest. Loan origination fees are being amortized over the term of the loan.

Construction in Progress

Construction in progress is stated at cost and includes planning, development, and construction costs, as well as capitalized interest. When construction is completed and the asset is placed in service, the asset is transferred to the University in a capital lease transaction.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Foundation's 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Exemption

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC") whereby only unrelated business income, as defined by Section 512(a)(1) of the IRC, is subject to federal income tax.

Subsequent Events

Subsequent events have been evaluated for potential recognition and/or disclosure through October 9, 2014. This represents the date the consolidated financial statements were available to be issued.

NOTE 3. INVESTMENTS

The fair values of investments at June 30, by type of investments are as follows:

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 1,097	\$ 433
Marketable securities	18,916	13,910
Mutual funds	<u>149,127</u>	<u>137,461</u>
	<u>\$ 169,140</u>	<u>\$ 151,804</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 4. RESTRICTED BOND PROCEEDS

Cash held in The Bank of New York Trust Company, N.A. ("BONY") trust accounts at June 30, that are restricted for debt service and construction include the following:

	<u>2014</u>	<u>2013</u>
SSU Foundation Real Estate Ventures, LLC		
Series 2008A Bonds		
Repair/Replacement Account	\$ 119,489	\$ 119,489
Surplus Account	156,557	156,657
Surplus Account	80,302	628,966
Hedge Payment Account	7,755	-
Pledged Revenue Account	135,890	-
Restructuring Cost of Issuance Account	3,571	3,571
Series 2008B Bonds		
Repair/Replacement Account	128,187	272,637
Interest Account	3	3
Surplus Account	393,895	393,994
Surplus Account	72,953	905,064
Hedge Payment Account	7,104	-
Pledged Revenue Account	577,671	-
Restructuring Cost of Issuance Account	2,746	2,746
SSU Community Development I, LLC		
Series 2010 Bonds		
Revenue Fund	480,264	232,886
Debt Service Reserve Fund	1,271,644	1,271,644
Cost of Issuance Account	70,000	70,000
Surplus Fund	<u>25,216</u>	<u>90,215</u>
	<u>\$ 3,533,247</u>	<u>\$ 4,147,872</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 5. LEASE RECEIVABLES

Lease Receivable – University Village

On February 27, 2008, REV entered into a rental agreement with the Board of Regents of the University System of Georgia (the “Board of Regents”) for the benefit of the University whereby the Board of Regents will lease the University Village facility from REV. The initial term of the lease commenced on February 27, 2008, until June 30, 2008, and is renewable on a year-to-year basis for 24 consecutive years, the last option period to end no later than June 1, 2032. With each annual renewal the Board of Regents will be obligated to pay an annual rent which will be sufficient for REV to pay debt service on the Series 2008A Bonds. Payments are due on the 15th day of February, May, August, and November.

Lease Receivable – University Commons

On February 27, 2008, REV entered into a rental agreement with the Board of Regents for the benefit of the University whereby the Board of Regents will lease the Indigo Pointe facility (now known as University Commons) from REV. The initial term of the lease commenced on August 1, 2008, until June 30, 2009, and is renewable on a year-to-year basis for 24 consecutive years, the last option period to end no later than June 1, 2033. With each annual renewal the Board of Regents will be obligated to pay an annual rent which will be sufficient for REV to pay debt service on the Series 2008B Bonds. Payments are due on the 15th day of February, May, August, and November.

Lease Receivable – Tiger Point

On December 29, 2010, CDI entered into a rental agreement with the Board of Regents for the benefit of the University whereby the Board of Regents will lease the Tiger Point facility from CDI. The initial term of the lease commenced on August 1, 2011, until June 30, 2012, and is renewable on a year-to-year basis for 29 consecutive years, the last option period to end no later than June 30, 2041. With each annual renewal the Board of Regents will be obligated to pay an annual rent which will be sufficient for CDI to pay debt service on the Series 2010 Bonds. Payments are due on the 1st day of December and June.

Lease Receivable – Tiger Place

On December 29, 2010, CDI entered into a rental agreement with the Board of Regents for the benefit of the University whereby the Board of Regents will lease the Tiger Place facility from CDI. The initial term of the lease commenced on August 1, 2011, until June 30, 2012, and is renewable on a year-to-year basis for 29 consecutive years, the last option period to end no later than June 30, 2041. With each annual renewal the Board of Regents will be obligated to pay an annual rent which will be sufficient for CDI to pay debt service on the Series 2010 Bonds. Payments are due on the 1st day of December and June.

Lease Receivable – Camilla Hubert

On December 29, 2010, CDI entered into a rental agreement with the Board of Regents for the benefit of the University whereby the Board of Regents will lease the Camilla Hubert facility from CDI. The initial term of the lease commenced on August 1, 2011, until June 30, 2012, and is renewable on a year-to-year basis for 29 consecutive years, the last option period to end no later than June 30, 2041. With each annual renewal the Board of Regents will be obligated to pay an annual rent which will be sufficient for CDI to pay debt service on the Series 2010 Bonds. Payments are due on the 1st day of December and June.

Lease Receivable – Tiger Court and Sports Complex

On December 29, 2010, CDI entered into a rental agreement with the Board of Regents for the benefit of the University whereby the Board of Regents will lease the Tiger Court facility and the Sports Complex from CDI. The initial term of the leased commenced on August 1, 2012, until June 30, 2013, and is renewable on a year-to-year basis for 28 consecutive years, the last option period to end no later than June 30, 2041. With each annual renewal the Board of Regents will be obligated to pay an annual rent which will be sufficient for CDI to pay debt service on the Series 2010 Bonds. Payments are due on the 1st day of December and June.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 5. LEASE RECEIVABLES (continued)

Future minimum net amounts due under the lease receivables at June 30, 2014, are as follows:

Year Ended June 30,	University Village	University Commons	Tiger Point	Tiger Place
2015	\$ 1,764,574	\$ 1,525,075	\$ 399,868	\$ 530,855
2016	1,816,014	1,570,827	399,868	530,855
2017	1,870,494	1,617,952	399,868	530,855
2018	1,926,609	1,666,490	399,868	530,855
2019	1,984,407	1,716,485	400,511	530,855
2020-2024	10,851,552	9,386,445	2,009,956	2,668,305
2025-2029	12,579,923	10,881,462	2,022,842	2,681,293
2030-2034	8,490,361	10,799,898	2,030,689	2,702,286
2035-2039	-	-	2,048,754	2,713,330
2040-2041	-	-	824,134	1,092,948
	41,283,934	39,164,634	10,936,358	14,512,437
Less unearned income	14,040,439	14,843,890	4,808,954	6,380,528
Net lease receivables	\$ 27,243,495	\$ 24,320,744	\$ 6,127,404	\$ 8,131,909

Year Ended June 30,	Camilla Hubert	Tiger Court	Sports Complex	Total
2015	\$ 311,910	\$ 1,063,239	\$ 323,354	\$ 5,918,875
2016	312,023	1,095,136	326,036	6,050,759
2017	314,113	1,127,940	326,036	6,187,258
2018	314,113	1,141,504	326,036	6,305,475
2019	314,113	1,145,203	326,523	6,418,097
2020-2024	1,573,105	5,735,984	1,632,615	33,857,962
2025-2029	1,583,051	5,773,381	1,643,291	37,165,243
2030-2034	1,593,003	5,816,569	1,655,225	33,088,031
2035-2039	1,603,672	5,847,247	1,668,332	13,881,335
2040-2041	642,208	3,226,907	928,250	6,714,447
	8,561,311	31,973,110	9,155,698	155,587,482
Less unearned income	3,764,275	16,477,816	4,886,731	65,202,633
Net lease receivables	\$ 4,797,036	\$ 15,495,294	\$ 4,268,967	\$ 90,384,849

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 6. BOND ISSUANCE COSTS AND FEES

Bond issuance costs and fees included in intangible assets are made up of the following as of June 30:

	<u>2014</u>	<u>2013</u>
Bond issuance costs and fees - Series 2008A	\$ 671,027	\$ 671,027
Bond issuance costs and fees - Series 2008B	546,361	546,361
Bond issuance costs and fees - Series 2010	<u>1,227,900</u>	<u>1,227,900</u>
	2,445,288	2,445,288
Less accumulated amortization	<u>452,929</u>	<u>363,347</u>
	<u>\$ 1,992,359</u>	<u>\$ 2,081,941</u>

NOTE 7. SWAP RESTRUCTURING COSTS

In December 2010, the two interest rate swap agreements further described in Note 10, were amended and restated in order to reduce the fixed interest rates on the Series 2008A and Series 2008B Bonds. REV incurred swap restructuring costs totaling \$378,191 which will be amortized over the remaining terms of the Bonds. Amortization expense for the years ended June 30, 2014 and 2013, was \$17,292 for each year. These costs are included in intangible assets.

NOTE 8. LOAN ORIGINATION FEES

In July 2013, REV obtained a note payable with Wells Fargo Bank in the amount of \$2,240,000 and incurred loan origination fees in the amount of \$45,837. These fees are being amortized over the term of the loan. Amortization expense for the year ended June 30, 2014, was \$3,791. These costs are included in intangible assets.

NOTE 9. NOTE PAYABLE

In July 2013, REV acquired a note payable with Wells Fargo Bank to fund the cost of a major renovation project at University Village. The loan was in the original amount of \$2,240,000 and requires quarterly payments of \$66,191 including interest at 4.75%. The loan matures in August 2024.

Current maturities for each of the next five years and in the aggregate are as follows:

<u>Year Ended June 30,</u>	
2015	\$ 180,077
2016	175,870
2017	184,374
2018	193,288
2019	202,635
Thereafter	<u>1,180,604</u>
Total	<u>\$ 2,116,848</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 10. INTEREST RATE SWAP AGREEMENTS

In order to mitigate interest rate risk associated with the Series 2008A Bonds and Series 2008B Bonds (See Note 11), REV entered into two interest rate swap agreements with Wells Fargo Bank, N.A. (formerly Wachovia Bank, N.A). Pursuant to the agreements, REV paid a fixed rate of 4.3862% on the Series 2008A Bonds and a fixed rate of 4.555% on the Series 2008B Bonds based on the outstanding principal of the respective bond issues.

In December 2010, the interest rate swap agreements were amended and restated in order to lower the fixed rate on the Bonds. The Series 2008A Bonds are now fixed at 3.830% and the Series 2008B Bonds are now fixed at 3.945%.

The fair value of the interest rate swap agreements is recognized in the accompanying consolidated statements of financial position as a liability in the amount of \$9,907,467 and \$9,946,852 for the years ended June 30, 2014 and 2013, respectively. REV recorded a gain of \$39,385 and a gain of \$4,825,493 for the years ended June 30, 2014 and 2013, respectively.

NOTE 11. REVENUE BONDS PAYABLE

Revenue bonds payable consist of the following at June 30:

	<u>2014</u>	<u>2013</u>
Series 2008A Bonds - par value of bonds outstanding	\$ 24,785,000	\$ 25,175,000
Bond premium, net of accumulated amortization of \$33,649 and \$24,035 in 2014 and 2013, respectively	<u>172,250</u>	<u>181,864</u>
	<u>24,957,250</u>	<u>25,356,864</u>
Series 2008B Bonds - par value of bonds outstanding	22,105,000	22,375,000
Bond premium, net of accumulated amortization of \$27,897 and \$19,929 in 2014 and 2013, respectively	<u>150,712</u>	<u>158,680</u>
	<u>22,255,712</u>	<u>22,533,680</u>
Series 2010 Bonds - par value of bonds outstanding	35,285,000	35,845,000
Bond discount, net of accumulated amortization of \$98,474 and \$70,339 in 2014 and 2013, respectively	<u>(759,658)</u>	<u>(787,794)</u>
	<u>34,525,342</u>	<u>35,057,206</u>
	<u>\$ 81,738,304</u>	<u>\$ 82,947,750</u>

Series 2008A Bonds

The Savannah Economic Development Authority (the "Issuer") offered the Series 2008A Savannah Economic Development Authority Revenue Refunding and Improvement Bonds (the "Series 2008A Bonds") in February 2008 in the amount of \$26,245,000. The proceeds were loaned to REV to advance refund all outstanding prior bonds, fund a portion of the cost to construct and equip a dining/recreational facility, fund capitalized interest on the bonds, and pay the cost of issuance of the bonds.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 11. REVENUE BONDS PAYABLE (continued)

Series 2008A Bonds (continued)

The Series 2008A Bonds were initially issued at the weekly rate determined each Wednesday and payable on the first business day of each calendar month as determined by Wachovia Bank, N.A. In conjunction with the issuance of the Series 2008A Bonds, REV entered into an interest rate swap agreement. Pursuant to the amended and restated agreement and for the period commencing December 17, 2010 and ending June 1, 2032, REV will pay a fixed rate of 3.830%. (See Note 10). In addition, effective December 17, 2010, all of the Series 2008A Bonds became bank bonds held by Wells Fargo Bank, N.A.

The following represents the mandatory principal redemptions on the Series 2008A Bonds until maturity on various dates through June 1, 2032, and in the aggregate:

<u>June 1 of the Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ 460,000	3.830%
2016	530,000	3.830%
2017	610,000	3.830%
2018	695,000	3.830%
2019	785,000	3.830%
Thereafter	<u>21,705,000</u>	3.830%
	<u>\$ 24,785,000</u>	

Series 2008B Bonds

The Savannah Economic Development Authority (the "Issuer") offered the Series 2008B Savannah Economic Development Authority Revenue Refunding and Improvement Bonds (Indigo Point Project) (the "Series 2008B Bonds") in February 2008 in the amount of \$22,975,000. The proceeds were loaned to REV to finance the acquisition and enhancement of an existing apartment complex and convert it to a student housing facility, fund a portion of the cost to construct and equip a dining/recreational facility, fund capitalized interest on the bonds, and pay the cost of issuance of the bonds.

The Series 2008B Bonds were initially issued at the weekly rate determined each Wednesday and payable on the first business day of each calendar month as determined by Wachovia Bank, N.A. In conjunction with the issuance of the Series 2008B Bonds, REV entered into an interest rate swap agreement. Pursuant to the amended and restated agreement and for the period commencing December 17, 2010 and ending June 1, 2033, REV will pay a fixed rate of 3.945%. (See Note 10). In addition, effective December 17, 2010, all of the Series 2008B Bonds became bank bonds held by Wells Fargo Bank, N.A.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 11. REVENUE BONDS PAYABLE (continued)

Series 2008B Bonds (continued)

The following represents the mandatory principal redemptions on the Series 2008B Bonds until maturity on various dates through June 1, 2033, and in the aggregate:

<u>June 1 of the Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ 330,000	3.945%
2016	390,000	3.945%
2017	455,000	3.945%
2018	525,000	3.945%
2019	595,000	3.945%
Thereafter	<u>19,810,000</u>	3.945%
	<u><u>\$ 22,105,000</u></u>	

Series 2010 Bonds

The Savannah Economic Development Authority (the "Issuer") offered the Series 2010 Savannah Economic Development Authority Revenue Bonds (SSU Community Development I, LLC) (the "Series 2010 Bonds") in December 2010 in the amount of \$36,475,000. The proceeds were loaned to CDI to acquire and develop land for a sports and intramural complex, to construct and furnish three new buildings and renovate an existing building to be used as student housing, fund capitalized interest on the bonds, fund a debt service reserve for the bonds, and pay the cost of issuance of the bonds.

The following represents the mandatory principal redemptions of the Series 2010 Bonds until maturity on various dates through June 15, 2041, and in the aggregate.

<u>June 15 of the Year Ended June 30,</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015	\$ 650,000	3.250%
2016	690,000	4.000%
2017	720,000	4.000%
2018	745,000	4.000%
2019	780,000	4.000%
Thereafter	<u>31,700,000</u>	4.375 - 5.750%
	<u><u>\$ 35,285,000</u></u>	

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 12. FAIR VALUE MEASUREMENTS

FASB ASC establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds: Valued at the net asset values of shares held by the Foundation at year end.

Marketable securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value of shares held by the Foundation at year end.

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.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 12. FAIR VALUE MEASUREMENTS (continued)

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

Assets at Fair Value as of June 30, 2014				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,097	\$ -	\$ -	\$ 1,097
Marketable securities	18,916	-	-	18,916
Mutual funds	149,127	-	-	149,127
Total assets at fair value	<u>\$ 169,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,140</u>

Assets at Fair Value as of June 30, 2013				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 433	\$ -	\$ -	\$ 433
Marketable securities	13,910	-	-	13,910
Mutual funds	137,461	-	-	137,461
Total assets at fair value	<u>\$ 151,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,804</u>

NOTE 13. NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2014:

	2014	2013
Program services	\$ 36,357	\$ 32,951
Scholarships		
General	36,340	30,672
Endowed	19,600	7,700
	<u>\$ 92,297</u>	<u>\$ 71,323</u>

Permanently restricted net assets are restricted to investments held in perpetuity, the income from which is expendable to support endowed scholarships in the amount of \$110,000.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 14. NET ASSETS ENDOWMENTS

The Foundation's endowment funds consist of individual donor restricted endowment funds. The net assets associated with such endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

As of July 1, 2008, the Foundation adopted 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. The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets 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

The following table presents the Foundation's endowment composition, changes, and net asset classification as of and for the year ended June 30:

	2014		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 7,700	\$ 110,000	\$ 117,700
Investment return			
Investment income	6,019	-	6,019
Net appreciation (realized and unrealized)	7,441	-	7,441
Total investment return	13,460	-	13,460
Contributions	-	-	-
Reclassification of assets	-	-	-
Appropriation of endowment assets for expenditure	(1,560)	-	(1,560)
Endowment net assets, end of the year	\$ 19,600	\$ 110,000	\$ 129,600

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 14. NET ASSETS ENDOWMENTS (continued)

The following table presents the Foundation's endowment composition, changes, and net asset classification as of and for the year ended June 30:

	2013		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 8,737	\$ 110,000	\$ 118,737
Investment return			
Investment income	5,575	-	5,575
Net appreciation (realized and unrealized)	2,438	-	2,438
Total investment return	8,013	-	8,013
Contributions	-	-	-
Reclassification of assets	(9,000)	-	(9,000)
Appropriation of endowment assets for expenditure	(50)	-	(50)
Endowment net assets, end of the year	\$ 7,700	\$ 110,000	\$ 117,700

(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. Donor endowment deficits are classified as a reduction of unrestricted net assets.

(b) *Return Objectives and Risk Parameters*

The Foundation has adopted endowment investment and spending policies that attempt 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, while assuming a moderate level of investment risk. Actual returns in any given year may vary from over time.

(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 (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 appropriates endowment funds for expenditures. 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.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTE 15. GROUND LEASE

In conjunction with the issuance of the Series 2008A Bonds, REV entered into a ground lease ("Lease") on February 27, 2008, with the Board of Regents (as "lessor") for the use of certain real property on the campus of the University, under an Assignment and Assumption of Ground Lease. The premises will be used by REV for the purpose of operating and maintaining a student housing facility, at the sum of \$10 per year payable in advance. The term of the Lease is from February 27, 2008 until June 1, 2032. The term of the Lease, upon request of REV, may be extended for one extension period of up to five years. REV agreed to surrender possession of the premises and improvements at the end of the Lease.

In conjunction with the issuance of the Series 2010 Bonds, CDI entered into four ground leases on December 29, 2010, with the Board of Regents (as "lessor") for the use of certain real property on the campus of the University, under an Assignment and Assumption of Ground Lease. The premises will be used by CDI for the purpose of operating and maintaining student housing facilities, at the sum of \$10 per year payable in advance. The term for three of the leases is from August 1, 2011 until June 30, 2041. The fourth lease is from August 1, 2012 until June 30, 2041. The terms of the four leases upon request of CDI, may be extended for one extension period of up to five years. CDI agreed to surrender possession of the premises and improvements at the end of the leases.

NOTE 16. INCOME TAXES

FASB ASC requires management to annually evaluate the Foundation's tax positions, including accounting and measurement of uncertain tax positions. For the years ending June 30, 2014 and 2013, management concluded that no uncertain tax positions had been taken that would require adjustment to or disclosure in the consolidated financial statements. With few exceptions, the Foundation is no longer subject to income tax examinations by federal, state, or local tax authorities for years before 2010.

NOTE 17. SUPPLEMENTAL CASH FLOW INFORMATION

REV paid cash in the amount of \$2,408,730 and \$2,372,589, for interest during the years ended June 30, 2014 and 2013, respectively.

CDI paid cash in the amount of \$1,890,313 and \$1,909,213, for interest for the years ended June 30, 2014 and 2013, respectively. Interest of \$318,202 for 2013 was capitalized during construction.

CDI recorded a transfer from construction in progress and other receivables to lease receivables in the amount of \$0 and \$19,602,433 during the years ended June 30, 2014 and 2013, respectively.

NOTE 18. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Foundation and the REV to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash equivalents are maintained at high-quality financial institutions. The Foundation and REV have not experienced any losses on their cash or cash equivalents. At June 30, 2014 and 2013, cash deposits exceeded the insurance limits of the Federal Deposit Insurance Corporation by \$862,230 and \$0, respectively.

SUPPLEMENTAL INFORMATION

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2014

ASSETS

	Savannah State University Foundation, Inc.	SSU Foundation Real Estate Ventures, LLC	SSU Community Development I, LLC	Total
Cash and cash equivalents	\$ 124,582	\$ 1,112,230	\$ 12,846	\$ 1,249,658
Investments	169,140	-	-	169,140
Restricted bond proceeds	-	1,686,123	1,847,124	3,533,247
Lease receivables	-	51,564,239	38,820,610	90,384,849
Other receivables	6,998	294,263	-	301,261
Prepaid expenses	2,748	3,654	-	6,402
Intangible assets - net of accumulated amortization	-	1,265,078	1,086,994	2,352,072
Land	7,590	-	-	7,590
	<u>\$ 311,058</u>	<u>\$ 55,925,587</u>	<u>\$ 41,767,574</u>	<u>\$ 98,004,219</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ -	\$ 13,415	\$ -	\$ 13,415
Accrued liabilities	15,965	213,890	77,763	307,618
Note payable	-	2,116,848	-	2,116,848
Interest rate swap liability	-	9,907,467	-	9,907,467
Revenue bonds payable	-	47,212,962	34,525,342	81,738,304
	<u>15,965</u>	<u>59,464,582</u>	<u>34,603,105</u>	<u>94,083,652</u>

NET ASSETS

Unrestricted	92,796	(3,538,995)	7,164,469	3,718,270
Temporarily restricted	92,297	-	-	92,297
Permanently restricted	110,000	-	-	110,000
	<u>295,093</u>	<u>(3,538,995)</u>	<u>7,164,469</u>	<u>3,920,567</u>
	<u>\$ 311,058</u>	<u>\$ 55,925,587</u>	<u>\$ 41,767,574</u>	<u>\$ 98,004,219</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2013

ASSETS

	Savannah State University Foundation, Inc.	SSU Foundation Real Estate Ventures, LLC	SSU Community Development I, LLC	Total
Cash and cash equivalents	\$ 103,609	\$ 73,281	\$ 7,300	\$ 184,190
Investments	151,804	-	-	151,804
Restricted bond proceeds	-	2,483,127	1,664,745	4,147,872
Lease receivables	-	52,380,425	39,320,141	91,700,566
Other receivables	-	298,912	-	298,912
Prepaid expenses	2,544	3,654	-	6,198
Intangible assets - net of accumulated amortization	-	1,289,648	1,127,253	2,416,901
Land	7,590	-	-	7,590
	<u>\$ 265,547</u>	<u>\$ 56,529,047</u>	<u>\$ 42,119,439</u>	<u>\$ 98,914,033</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ -	\$ 56,800	\$ 34,221	\$ 91,021
Accrued liabilities	-	189,760	78,763	268,523
Interest rate swap liability	-	9,946,852	-	9,946,852
Revenue bonds payable	-	47,890,544	35,057,206	82,947,750
	<u>-</u>	<u>58,083,956</u>	<u>35,170,190</u>	<u>93,254,146</u>

NET ASSETS

Unrestricted	84,224	(1,554,909)	6,949,249	5,478,564
Temporarily restricted	71,323	-	-	71,323
Permanently restricted	110,000	-	-	110,000
	<u>265,547</u>	<u>(1,554,909)</u>	<u>6,949,249</u>	<u>5,659,887</u>
	<u>\$ 265,547</u>	<u>\$ 56,529,047</u>	<u>\$ 42,119,439</u>	<u>\$ 98,914,033</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

	Unrestricted			Total
	Savannah State University Foundation, Inc.	SSU Foundation Real Estate Ventures, LLC	SSU Community Development I, LLC	
SUPPORT AND REVENUE				
Contributions	\$ 188,084	\$ (85,928)	\$ (50,000)	\$ 52,156
Fundraising	18,023	-	-	18,023
Interest and dividend income	100	2,373,450	2,095,142	4,468,692
Net realized and unrealized gain on investments	-	-	-	-
Rental income	-	551,533	126,805	678,338
Other income	-	-	34,221	34,221
Net assets released from program restrictions	4,400	-	-	4,400
Total support and revenue	<u>210,607</u>	<u>2,839,055</u>	<u>2,206,168</u>	<u>5,255,830</u>
EXPENSES				
Program expenses	26,676	-	-	26,676
Scholarships	70,279	-	-	70,279
Management and general	104,930	-	395	105,325
Amortization	-	70,407	40,259	110,666
Rental expenses	-	2,263,238	4,349	2,267,587
Interest	-	2,415,458	1,917,448	4,332,906
Bank charges and fees	150	25,043	22,888	48,081
Professional fees	-	88,380	5,609	93,989
Total expenses	<u>202,035</u>	<u>4,862,526</u>	<u>1,990,948</u>	<u>7,055,509</u>
NET INCREASE (DECREASE)	8,572	(2,023,471)	215,220	(1,799,679)
CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENTS				
	<u>-</u>	<u>39,385</u>	<u>-</u>	<u>39,385</u>
INCREASE (DECREASE) IN NET ASSETS	8,572	(1,984,086)	215,220	(1,760,294)
NET ASSETS - beginning of year	<u>84,224</u>	<u>(1,554,909)</u>	<u>6,949,249</u>	<u>5,478,564</u>
NET ASSETS - end of year	<u>\$ 92,796</u>	<u>\$ (3,538,995)</u>	<u>\$ 7,164,469</u>	<u>\$ 3,718,270</u>

<u>Savannah State University Foundation, Inc.</u>			Total
<u>Temporarily</u> <u>Restricted</u>	<u>Permanently</u> <u>Restricted</u>	<u>Total</u>	<u>Savannah State</u> <u>University</u> <u>Foundation, Inc.</u>
\$ 7,886	\$ -	\$ 60,042	\$ 195,970
-	-	18,023	18,023
7,802	-	4,476,494	7,902
9,686	-	9,686	9,686
-	-	678,338	-
-	-	34,221	-
(4,400)	-	-	-
<u>20,974</u>	<u>-</u>	<u>5,276,804</u>	<u>231,581</u>
-	-	26,676	26,676
-	-	70,279	70,279
-	-	105,325	104,930
-	-	110,666	-
-	-	2,267,587	-
-	-	4,332,906	-
-	-	48,081	150
-	-	93,989	-
-	-	<u>7,055,509</u>	<u>202,035</u>
20,974	-	(1,778,705)	29,546
-	-	<u>39,385</u>	<u>-</u>
20,974	-	(1,739,320)	29,546
<u>71,323</u>	<u>110,000</u>	<u>5,659,887</u>	<u>265,547</u>
<u>\$ 92,297</u>	<u>\$ 110,000</u>	<u>\$ 3,920,567</u>	<u>\$ 295,093</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

	Unrestricted			Total
	Savannah State University Foundation, Inc.	SSU Foundation Real Estate Ventures, LLC	SSU Community Development I, LLC	
SUPPORT AND REVENUE				
Contributions	\$ 163,449	\$ (50,000)	\$ (50,000)	\$ 63,449
Fundraising	4,240	-	-	4,240
Interest and dividend income	143	2,407,460	2,103,894	4,511,497
Gain on sale of leased assets	-	-	185,993	185,993
Net realized and unrealized gain on investments	-	-	-	-
Rental income	-	342,677	123,111	465,788
Net assets released from program restrictions	2,126	-	-	2,126
Total support and revenue	<u>169,958</u>	<u>2,700,137</u>	<u>2,362,998</u>	<u>5,233,093</u>
EXPENSES				
Program expenses	16,558	-	-	16,558
Scholarships	38,500	-	-	38,500
Management and general	91,526	-	-	91,526
Amortization	-	66,616	40,259	106,875
Rental expenses	-	112,254	48,488	160,742
Insurance	-	9,836	6,616	16,452
Interest	-	2,348,612	1,618,358	3,966,970
Bank charges and fees	150	25,867	23,218	49,235
Professional fees	-	61,466	4,003	65,469
Total expenses	<u>146,734</u>	<u>2,624,651</u>	<u>1,740,942</u>	<u>4,512,327</u>
NET INCREASE	23,224	75,486	622,056	720,766
CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENTS	<u>-</u>	<u>4,825,493</u>	<u>-</u>	<u>4,825,493</u>
INCREASE (DECREASE) IN NET ASSETS	23,224	4,900,979	622,056	5,546,259
NET ASSETS - beginning of year	<u>61,000</u>	<u>(6,455,888)</u>	<u>6,327,193</u>	<u>(67,695)</u>
NET ASSETS - end of year	<u>\$ 84,224</u>	<u>\$ (1,554,909)</u>	<u>\$ 6,949,249</u>	<u>\$ 5,478,564</u>

<u>Savannah State University Foundation, Inc.</u>			Total
<u>Temporarily</u> <u>Restricted</u>	<u>Permanently</u> <u>Restricted</u>	<u>Total</u>	<u>Savannah State</u> <u>University</u> <u>Foundation, Inc.</u>
\$ 10,000	\$ -	\$ 73,449	\$ 173,449
-	-	4,240	4,240
7,481	-	4,518,978	7,624
-	-	185,993	-
3,270	-	3,270	3,270
-	-	465,788	-
(2,126)	-	-	-
<u>18,625</u>	<u>-</u>	<u>5,251,718</u>	<u>188,583</u>
-	-	16,558	16,558
-	-	38,500	38,500
-	-	91,526	91,526
-	-	106,875	-
-	-	160,742	-
-	-	16,452	-
-	-	3,966,970	-
-	-	49,235	150
-	-	65,469	-
<u>-</u>	<u>-</u>	<u>4,512,327</u>	<u>146,734</u>
18,625	-	739,391	41,849
<u>-</u>	<u>-</u>	<u>4,825,493</u>	<u>-</u>
18,625	-	5,564,884	41,849
<u>52,698</u>	<u>110,000</u>	<u>95,003</u>	<u>223,698</u>
<u>\$ 71,323</u>	<u>\$ 110,000</u>	<u>\$ 5,659,887</u>	<u>\$ 265,547</u>