

SAVANNAH STATE UNIVERSITY
FOUNDATION, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

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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, 2018 and 2017, 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Savannah State University Foundation, Inc. and Subsidiaries as of June 30, 2018 and 2017, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary 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
September 13, 2018

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 696,120	\$ 439,105
Cash - restricted bond proceeds	5,405,866	5,532,871
Investments	214,602	198,370
Lease receivables	79,570,714	81,539,485
Other receivables	243,273	309,475
Prepaid expenses	6,046	6,046
Land	150,000	-
	<u>\$ 86,286,621</u>	<u>\$ 88,025,352</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 50,406	\$ 261,947
Accrued liabilities	277,735	303,023
Note payable	1,546,113	1,584,960
Interest rate swap liability	6,991,675	9,385,534
Revenue bonds payable	73,190,767	74,838,038
	<u>82,056,696</u>	<u>86,373,502</u>
NET ASSETS		
Unrestricted	3,955,173	1,404,517
Temporarily restricted	164,752	137,333
Permanently restricted	110,000	110,000
	<u>4,229,925</u>	<u>1,651,850</u>
	<u>\$ 86,286,621</u>	<u>\$ 88,025,352</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years Ended June 30,

	2018			Total	2017 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
SUPPORT AND REVENUE					
Contributions	\$ 306,721	\$ 13,500	\$ -	\$ 320,221	\$ 38,845
Interest and dividend income	3,967,773	4,324	-	3,972,097	4,092,371
Loss on lease modification	-	-	-	-	(3,848,603)
Net realized and unrealized gain on investments	-	11,908	-	11,908	17,489
Rental income	978,991	-	-	978,991	959,350
Net assets released from program restrictions	2,313	(2,313)	-	-	-
Total support and revenue	<u>5,255,798</u>	<u>27,419</u>	<u>-</u>	<u>5,283,217</u>	<u>1,259,452</u>
EXPENSES					
Program	16,700	-	-	16,700	57,766
Scholarships	75,250	-	-	75,250	180,108
Management and general	221,457	-	-	221,457	55,744
Rental	518,459	-	-	518,459	495,027
Interest	3,970,435	-	-	3,970,435	4,117,989
Bank charges and fees	105,126	-	-	105,126	85,077
Professional fees	191,574	-	-	191,574	50,470
Total expenses	<u>5,099,001</u>	<u>-</u>	<u>-</u>	<u>5,099,001</u>	<u>5,042,181</u>
NET INCREASE (DECREASE)	156,797	27,419	-	184,216	(3,782,729)
CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENTS					
	<u>2,393,859</u>	<u>-</u>	<u>-</u>	<u>2,393,859</u>	<u>4,172,972</u>
INCREASE IN NET ASSETS	2,550,656	27,419	-	2,578,075	390,243
NET ASSETS - beginning of year	<u>1,404,517</u>	<u>137,333</u>	<u>110,000</u>	<u>1,651,850</u>	<u>1,261,607</u>
NET ASSETS - end of year	<u>\$ 3,955,173</u>	<u>\$ 164,752</u>	<u>\$ 110,000</u>	<u>\$ 4,229,925</u>	<u>\$ 1,651,850</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30,

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 2,578,075	\$ 390,243
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Loss on lease modification	-	3,848,612
Amortization of debt issuance costs	111,155	114,483
Net amortization of bond premiums and discount	17,247	10,555
Net change of investments	(16,232)	(21,058)
Changes in operating assets and liabilities		
(Increase) decrease in assets		
Other receivables	66,202	(26,846)
Prepaid expenses	-	231
Increase (decrease) in liabilities		
Accounts payable	(211,541)	99,806
Accrued liabilities	(25,288)	(21,969)
Interest rate swap liability	(2,393,859)	(4,172,972)
Net cash provided by operating activities	<u>125,759</u>	<u>221,085</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from payment of lease receivables	<u>1,968,771</u>	<u>1,761,978</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of note payable	(190,491)	(181,467)
Loan closing costs	(3,465)	-
Revenue bond refinancing proceeds (costs)	194,436	(111,000)
Repayment of principal on revenue bonds	(1,965,000)	(1,785,000)
Net cash used in financing activities	<u>(1,964,520)</u>	<u>(2,077,467)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	130,010	(94,404)
BEGINNING CASH AND CASH EQUIVALENTS	<u>5,971,976</u>	<u>6,066,380</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 6,101,986</u>	<u>\$ 5,971,976</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018 and 2017

NOTE 1. NATURE OF OPERATIONS

The Savannah State College Foundation, Inc. (the "Foundation" or "Parent") 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").

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Consolidation

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. The consolidated financial statements include the accounts of the Foundation and its wholly owned subsidiaries, REV and CDI. All significant intercompany balances and transactions have been eliminated in consolidation.

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.

Reclassification

Certain prior year balances have been reclassified to conform with current year presentation.

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.

Cash - 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 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, 2018 and 2017

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and Support

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted funds depending on the existence and nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if those specific restrictions expire in the same fiscal year in which the contributions are recognized. Contributions of assets other than cash are recorded at estimated fair value at the date of the gift.

Lease Receivables

Lease receivables are carried at future minimum net amounts due under the lease receivables.

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.

Interest Rate Swap Agreements

The Foundation records interest rate swap agreements at fair value. Gains and losses from these agreements are included in the consolidated statement 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. Note payable and bonds payable are carried at the amounts owed, which approximates fair value. Interest rate swap agreements are carried at fair value.

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.

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 September 13, 2018. This represents the date the consolidated financial statements were available to be issued.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3. INVESTMENTS

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

	<u>2018</u>	<u>2017</u>
Money market funds	\$ 3,644	\$ 3,012
Mutual funds	<u>210,958</u>	<u>195,358</u>
	<u>\$ 214,602</u>	<u>\$ 198,370</u>

NOTE 4. CASH - 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>2018</u>	<u>2017</u>
SSU Foundation Real Estate Ventures, LLC		
Series 2008A Bonds		
Repair/Replacement Account	\$ 274,847	\$ 119,646
Surplus Account	647,314	1,437,916
Surplus Account	1,012,285	884,186
Pledged Revenue Account	(1)	87,131
Restructuring Cost of Issuance Account	3,571	3,571
Series 2008B Bonds		
Repair/Replacement Account	242,035	17,049
Interest Account	90,531	1
Surplus Account	401,696	549,277
Pledged Revenue Account	84,100	80,635
Restructuring Cost of Issuance Account	2,746	2,746
SSU Community Development I, LLC		
Series 2010 Bonds		
Repair/Replacement Account	859,034	716,315
Revenue Fund	321,709	282,928
Debt Service Reserve Fund	1,271,644	1,271,644
Cost of Issuance Account	70,000	70,000
Surplus Fund	<u>124,355</u>	<u>9,826</u>
	<u>\$ 5,405,866</u>	<u>\$ 5,532,871</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

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. Future net amounts due on the lease were modified during the year ended June 30, 2017, and resulted in a modification loss of \$2,163,045.

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. Future net amounts due on the lease were modified during the year ended June 30, 2017, and resulted in a modification loss of \$1,685,558.

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 lease 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, 2018 and 2017

NOTE 5. LEASE RECEIVABLES (continued)

Future minimum net amounts due under the lease receivables at June 30, 2018, are as follows:

Year Ended June 30,	University Village	University Commons	Tiger Point	Tiger Place
2019	\$ 1,792,552	\$ 1,533,628	\$ 400,511	\$ 530,855
2020	1,853,716	1,587,508	401,312	533,509
2021	1,916,680	1,639,004	401,474	533,509
2022	1,983,832	1,695,252	401,474	533,509
2023	2,049,776	1,756,148	401,474	533,509
2024-2028	11,345,060	9,720,772	2,021,433	2,677,591
2029-2033	10,561,674	11,612,991	2,029,459	2,698,619
2034-2038	-	-	2,045,053	2,710,248
2039-2041	-	-	1,234,696	1,637,668
	31,503,290	29,545,303	9,336,886	12,389,017
Less unearned income	8,753,577	8,910,318	3,684,429	4,888,199
Net lease receivables	\$ 22,749,713	\$ 20,634,985	\$ 5,652,457	\$ 7,500,818

Year Ended June 30,	Camilla Hubert	Tiger Court	Sports Complex	Total
2019	\$ 314,113	\$ 1,145,203	\$ 326,523	\$ 6,043,385
2020	314,621	1,145,203	326,523	6,162,392
2021	314,621	1,145,203	326,523	6,277,014
2022	314,621	1,145,277	326,523	6,400,488
2023	314,621	1,149,154	326,523	6,531,205
2024-2028	1,580,200	5,767,679	1,640,622	34,753,357
2029-2033	1,590,768	5,806,343	1,653,372	35,953,226
2034-2038	1,602,275	5,841,699	1,663,982	13,863,257
2039-2041	963,312	4,399,530	1,263,645	9,498,851
	7,309,152	27,545,291	7,854,236	125,483,175
Less unearned income	2,883,673	12,944,260	3,848,005	45,912,461
Net lease receivables	\$ 4,425,479	\$ 14,601,031	\$ 4,006,231	\$ 79,570,714

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 6. BOND ISSUANCE COSTS AND FEES

Bond issuance costs and fees included in revenue bonds payable are made up of the following as of June 30:

	<u>2018</u>	<u>2017</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	1,227,900	1,227,900
	<u>2,445,288</u>	<u>2,445,288</u>
Less accumulated amortization	<u>811,261</u>	<u>721,678</u>
	<u>\$ 1,634,027</u>	<u>\$ 1,723,610</u>

NOTE 7. SWAP RESTRUCTURING COSTS

In December 2010, the two interest rate swap agreements further described in Note 11, 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. Accumulated amortization expense for the years ended June 30, 2018 and 2017, was \$129,694 and \$112,401, respectively. Amortization expense for the years ended June 30, 2018 and 2017, was \$17,292 for each year. These costs are included in revenue bonds payable.

NOTE 8. LOAN ORIGINATION FEES

In August 2017, the Foundation obtained a note payable with BankSouth in the amount of \$65,000 and incurred loan origination fees in the amount of \$1,581. These fees are being amortized over the term of the loan. Accumulated amortization expense for the years ended June 30, 2018 and 2017, was \$659 and \$0, respectively. Amortization expense for the years ended June 30, 2018 and 2017, was \$659 and \$0, respectively.

In February 2018, the Foundation obtained a note payable with BankSouth in the amount of \$85,000 and incurred loan origination fees in the amount of \$1,884. These fees are being amortized over the term of the loan. Accumulated amortization expense for the years ended June 30, 2018 and 2017, was \$314 and \$0, respectively. Amortization expense for the years ended June 30, 2018 and 2017, was \$314 and \$0, respectively.

In July 2013, REV obtained a note payable with Wells Fargo Bank, N.A. 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. Accumulated amortization expense for the years ended June 30, 2018 and 2017, was \$20,334 and \$16,198, respectively. Amortization expense for the years ended June 30, 2018 and 2017, was \$4,136 for each year.

These costs are included in notes payable.

NOTE 9. BOND REFINANCE COSTS

In December 2016, REV amended the lease receivable by refinancing the Series 2008A and Series 2008B Bonds. REV incurred refinance costs totaling \$111,000 which will be amortized over the remaining terms of the Bonds. Accumulated amortization expense for the years ended June 30, 2018 and 2017, was \$10,416 and \$3,472, respectively. Amortization expense for the years ended June 30, 2018 and 2017, was \$6,944 and \$3,472, respectively. These costs are included in revenue bonds payable.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 10. NOTES PAYABLE

Notes payable consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Note payable - Foundation, to a national bank, payable in monthly, variable interest-only payments, including fixed interest of 5.00%.	\$ 64,880	\$ -
Note payable - Foundation, to a national bank, payable in monthly, variable interest-only payments, including fixed interest of 5.00%.	85,000	-
Note payable - REV, to a national bank, payable in quarterly payments of \$66,191, including fixed interest of 4.75%.	1,424,228	1,614,599
	<u>1,574,108</u>	<u>1,614,599</u>
Less unamortized issuance costs	27,995	29,639
	<u>\$ 1,546,113</u>	<u>\$ 1,584,960</u>

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

<u>Year Ended June 30,</u>		
2019	\$	200,705
2020		360,289
2021		220,583
2022		231,249
2023		242,431
Thereafter		<u>318,851</u>
		1,574,108
Less unamortized issuance costs		<u>27,995</u>
Total	\$	<u>1,546,113</u>

NOTE 11. INTEREST RATE SWAP AGREEMENTS

In order to mitigate interest rate risk associated with the Series 2008A Bonds and Series 2008B Bonds (See Note 12), 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%.

In May 2018, the interest rate swap agreements were amended and restated in order to increase the fixed rate on the Bonds. The Series 2008A Bonds are now fixed at 4.173% and the Series 2008B Bonds are now fixed at 4.290%.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 11. INTEREST RATE SWAP AGREEMENTS (continued)

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 \$6,991,675 and \$9,385,534 for the years ended June 30, 2018 and 2017, respectively. REV recorded a gain of \$2,393,859 and a gain of \$4,172,972 for the years ended June 30, 2018 and 2017, respectively.

NOTE 12. REVENUE BONDS PAYABLE

Revenue bonds payable consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Series 2008A Bonds - par value of bonds outstanding	\$ 22,490,000	\$ 23,185,000
Bond premium, net of accumulated amortization of \$72,104 and \$62,490 in 2018 and 2017, respectively	<u>106,505</u>	<u>116,119</u>
	<u>22,596,505</u>	<u>23,301,119</u>
Series 2008B Bonds - par value of bonds outstanding	20,405,000	20,930,000
Bond premium, net of accumulated amortization of \$59,767 and \$51,800 in 2018 and 2017, respectively	<u>146,132</u>	<u>154,099</u>
	<u>20,551,132</u>	<u>21,084,099</u>
Series 2010 Bonds - par value of bonds outstanding	32,480,000	33,225,000
Bond discount, net of accumulated amortization of \$211,016 and \$182,880 in 2018 and 2017, respectively	<u>(647,117)</u>	<u>(675,252)</u>
	<u>31,832,883</u>	<u>32,549,748</u>
Less unamortized bond issuance, swap restructuring and bond refinancing costs	<u>1,789,753</u>	<u>2,096,928</u>
	<u>\$ 73,190,767</u>	<u>\$ 74,838,038</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.

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 agreements and for the period commencing December 17, 2010 and ending June 1, 2018, REV will pay a fixed rate of 3.830% and for the period commencing June 1, 2018 through June 1, 2032, REV will pay a fixed rate of 4.173%. (See Note 11). In addition, effective December 17, 2010, all of the Series 2008A 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, 2018 and 2017

NOTE 12. REVENUE BONDS PAYABLE (continued)

Series 2008A Bonds (continued)

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>
2019	\$ 785,000	4.173%
2020	880,000	4.173%
2021	985,000	4.173%
2022	1,095,000	4.173%
2023	1,210,000	4.173%
Thereafter	<u>17,535,000</u>	4.173%
	<u>\$ 22,490,000</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 agreements and for the period commencing December 17, 2010 and ending June 1, 2018, REV will pay a fixed rate of 3.945% and for the period commencing June 1, 2018 through June 1, 2033, REV will pay a fixed rate of 4.290%. (See Note 11). In addition, effective December 17, 2010, all of the Series 2008B Bonds became bank bonds held by Wells Fargo Bank, N.A.

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>
2019	\$ 595,000	4.290%
2020	675,000	4.290%
2021	760,000	4.290%
2022	850,000	4.290%
2023	950,000	4.290%
Thereafter	<u>16,575,000</u>	4.290%
	<u>\$ 20,405,000</u>	

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 12. REVENUE BONDS PAYABLE (continued)

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>
2019	\$ 780,000	4.000%
2020	810,000	4.000%
2021	840,000	4.000%
2022	875,000	4.000%
2023	920,000	4.000%
Thereafter	<u>28,255,000</u>	4.375 - 5.750%
	<u><u>\$ 32,480,000</u></u>	

NOTE 13. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board Accounting Standards Codification (“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.

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 13. FAIR VALUE MEASUREMENTS (continued)

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.

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

Interest rate swap agreements: Valued at fair value 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.

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

Financial Instruments at Fair Value as of June 30, 2018				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 3,644	\$ -	\$ -	\$ 3,644
Mutual funds	210,958	-	-	210,958
Total assets at fair value	<u>\$ 214,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,602</u>
Interest rate swap agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,991,675</u>	<u>\$ 6,991,675</u>
Financial Instruments at Fair Value as of June 30, 2017				
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 3,012	\$ -	\$ -	\$ 3,012
Mutual funds	195,358	-	-	195,358
Total assets at fair value	<u>\$ 198,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,370</u>
Interest rate swap agreements	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,385,534</u>	<u>\$ 9,385,534</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 14. NET ASSETS

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

	<u>2018</u>	<u>2017</u>
Program services	\$ 45,001	\$ 41,910
Scholarships		
General	67,248	55,827
Endowed	<u>52,503</u>	<u>39,596</u>
	<u>\$ 164,752</u>	<u>\$ 137,333</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.

NOTE 15. 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 donor restricted endowment 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

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 15. 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:

	2018		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 39,597	\$ 110,000	\$ 149,597
Investment return			
Investment income	3,459	-	3,459
Net appreciation (realized and unrealized)	9,256	-	9,256
Total investment return	12,715	-	12,715
Contributions	-	-	-
Reclassification of assets	-	-	-
Appropriation of endowment assets for expenditure	(78)	-	(78)
Endowment net assets, end of the year	\$ 52,234	\$ 110,000	\$ 162,234

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 15. 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:

	2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of the year	\$ 23,875	\$ 110,000	\$ 133,875
Investment return			
Investment income	2,842	-	2,842
Net depreciation (realized and unrealized)	13,957	-	13,957
Total investment return	16,799	-	16,799
Contributions	-	-	-
Reclassification of assets	-	-	-
Appropriation of endowment assets for expenditure	(1,077)	-	(1,077)
Endowment net assets, end of the year	\$ 39,597	\$ 110,000	\$ 149,597

(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, 2018 and 2017

NOTE 16. 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 17. 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, 2018 and 2017, 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 2014.

NOTE 18. SUPPLEMENTAL CASH FLOW INFORMATION

The Foundation paid cash in the amount of \$3,894 and \$0, for interest during the years ended June 30, 2018 and 2017, respectively.

REV paid cash in the amount of \$2,058,271 and \$2,178,15, for interest during the years ended June 30, 2018 and 2017, respectively.

CDI paid cash in the amount of \$1,818,524 and \$1,847,323, for interest for the years ended June 30, 2018 and 2017, respectively.

The Foundation obtained land in the amount of \$150,000 through two non-cash long-term financing arrangements.

NOTE 19. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Foundation and 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, 2018 and 2017, cash deposits exceeded the insurance limits of the Federal Deposit Insurance Corporation by \$97,552 and \$31,703, respectively.

SUPPLEMENTARY INFORMATION

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

See Independent Auditor's Report

June 30, 2018

ASSETS

	Savannah State University Foundation, Inc.	SSU Foundation Real Estate Ventures, LLC
Cash and cash equivalents	\$ 626,042	\$ 44,869
Cash - restricted bond proceeds	-	2,759,124
Investments	214,602	-
Lease receivables	-	43,384,698
Other receivables	-	468,196
Prepaid expenses	2,748	2,387
Land	150,000	-
	<u>\$ 993,392</u>	<u>\$ 46,659,274</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ -	\$ 50,138
Accrued liabilities	15,965	101,632
Note payable	147,388	1,398,725
Interest rate swap liability	-	6,991,675
Revenue bonds payable	-	42,283,842
	<u>163,353</u>	<u>50,826,012</u>

NET ASSETS

Unrestricted	555,287	(4,166,738)
Temporarily restricted	164,752	-
Permanently restricted	110,000	-
	<u>830,039</u>	<u>(4,166,738)</u>
	<u>\$ 993,392</u>	<u>\$ 46,659,274</u>

SSU Community Development I, LLC	Eliminations	Total
\$ 25,209	\$ -	\$ 696,120
2,646,742	-	5,405,866
-	-	214,602
36,186,016	-	79,570,714
-	(224,923)	243,273
911	-	6,046
-	-	150,000
\$ 38,858,878	\$ (224,923)	\$ 86,286,621

\$ 225,191	\$ (224,923)	\$ 50,406
160,138	-	277,735
-	-	1,546,113
-	-	6,991,675
30,906,925	-	73,190,767
31,292,254	(224,923)	82,056,696

7,566,624	-	3,955,173
-	-	164,752
-	-	110,000
7,566,624	-	4,229,925
\$ 38,858,878	\$ (224,923)	\$ 86,286,621

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

See Independent Auditor's Report

June 30, 2017

ASSETS

	Savannah State University Foundation, Inc.	SSU Foundation Real Estate Ventures, LLC
Cash and cash equivalents	\$ 407,335	\$ 20,016
Cash - restricted bond proceeds	-	3,182,158
Investments	198,370	-
Lease receivables	-	44,604,698
Other receivables	-	417,811
Prepaid expenses	2,748	2,387
	<u>\$ 608,453</u>	<u>\$ 48,227,070</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ -	\$ 261,947
Accrued liabilities	15,965	123,729
Note payable	-	1,584,960
Interest rate swap liability	-	9,385,534
Revenue bonds payable	-	43,254,507
	<u>15,965</u>	<u>54,610,677</u>

NET ASSETS

Unrestricted	345,155	(6,383,607)
Temporarily restricted	137,333	-
Permanently restricted	110,000	-
	<u>592,488</u>	<u>(6,383,607)</u>
	<u>\$ 608,453</u>	<u>\$ 48,227,070</u>

SSU Community Development I, LLC	Eliminations	Total
\$ 11,754	\$ -	\$ 439,105
2,350,713	-	5,532,871
-	-	198,370
36,934,787	-	81,539,485
-	(108,336)	309,475
911	-	6,046
\$ 39,298,165	\$ (108,336)	\$ 88,025,352

\$ 108,336	\$ (108,336)	\$ 261,947
163,329	-	303,023
-	-	1,584,960
-	-	9,385,534
31,583,531	-	74,838,038
31,855,196	(108,336)	86,373,502

7,442,969	-	1,404,517
-	-	137,333
-	-	110,000
7,442,969	-	1,651,850

\$ 39,298,165	\$ (108,336)	\$ 88,025,352
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SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND
PARENT ONLY STATEMENT OF ACTIVITIES

See Independent Auditor's Report

Year Ended June 30, 2018

	Unrestricted			
	Savannah State University Foundation, Inc.	SSU Foundation Real Estate Ventures, LLC	SSU Community Development I, LLC	Total
SUPPORT AND REVENUE				
Contributions	\$ 521,721	\$ (115,000)	\$ (100,000)	\$ 306,721
Interest and dividend income	162	2,004,007	1,963,604	3,967,773
Loss on lease modification	-	-	-	-
Net realized and unrealized loss on investments	-	-	-	-
Rental income	-	836,271	142,720	978,991
Net assets released from program restrictions	2,313	-	-	2,313
Total support and revenue	<u>524,196</u>	<u>2,725,278</u>	<u>2,006,324</u>	<u>5,255,798</u>
EXPENSES				
Program	16,700	-	-	16,700
Scholarships	75,250	-	-	75,250
Management and general	220,828	-	629	221,457
Rental	-	518,459	-	518,459
Interest	973	2,113,870	1,855,592	3,970,435
Bank charges and fees	313	81,004	23,809	105,126
Professional fees	-	188,935	2,639	191,574
Total expenses	<u>314,064</u>	<u>2,902,268</u>	<u>1,882,669</u>	<u>5,099,001</u>
NET INCREASE (DECREASE)	210,132	(176,990)	123,655	156,797
CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENTS				
	<u>-</u>	<u>2,393,859</u>	<u>-</u>	<u>2,393,859</u>
INCREASE IN NET ASSETS	210,132	2,216,869	123,655	2,550,656
NET ASSETS - beginning of year	<u>345,155</u>	<u>(6,383,607)</u>	<u>7,442,969</u>	<u>1,404,517</u>
NET ASSETS - end of year	<u>\$ 555,287</u>	<u>\$ (4,166,738)</u>	<u>\$ 7,566,624</u>	<u>\$ 3,955,173</u>

Savannah State University Foundation, Inc.

Total
Savannah State
University
Foundation, Inc.
(Parent Only)

<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
\$ 13,500	\$ -	\$ 320,221	\$ 535,221
4,324	-	3,972,097	4,486
-	-	-	-
11,908	-	11,908	11,908
-	-	978,991	-
(2,313)	-	-	-
<u>27,419</u>	<u>-</u>	<u>5,283,217</u>	<u>551,615</u>
-	-	16,700	16,700
-	-	75,250	75,250
-	-	221,457	220,828
-	-	518,459	-
-	-	3,970,435	973
-	-	105,126	313
-	-	191,574	-
<u>-</u>	<u>-</u>	<u>5,099,001</u>	<u>314,064</u>
27,419	-	184,216	237,551
-	-	2,393,859	-
27,419	-	2,578,075	237,551
<u>137,333</u>	<u>110,000</u>	<u>1,651,850</u>	<u>592,488</u>
<u>\$ 164,752</u>	<u>\$ 110,000</u>	<u>\$ 4,229,925</u>	<u>\$ 830,039</u>

SAVANNAH STATE UNIVERSITY FOUNDATION, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND
PARENT ONLY STATEMENT OF ACTIVITIES

See Independent Auditor's Report

Year Ended June 30, 2017

	Unrestricted			
	Savannah State University Foundation, Inc.	SSU Foundation Real Estate Ventures, LLC	SSU Community Development I, LLC	Total
SUPPORT AND REVENUE				
Contributions	\$ 285,213	\$ (144,688)	\$ (104,180)	\$ 36,345
Interest and dividend income	233	2,086,743	2,001,826	4,088,802
Loss on lease modification	-	(3,848,603)	-	(3,848,603)
Net realized and unrealized loss on investments	-	-	-	-
Rental income	-	820,788	138,562	959,350
Net assets released from program restrictions	2,809	-	-	2,809
Total support and revenue	<u>288,255</u>	<u>(1,085,760)</u>	<u>2,036,208</u>	<u>1,238,703</u>
EXPENSES				
Program	57,766	-	-	57,766
Scholarships	180,108	-	-	180,108
Management and general	51,302	3,719	723	55,744
Rental	-	495,027	-	495,027
Interest	-	2,233,340	1,884,649	4,117,989
Bank charges and fees	309	83,287	1,481	85,077
Professional fees	-	34,500	15,970	50,470
Total expenses	<u>289,485</u>	<u>2,849,873</u>	<u>1,902,823</u>	<u>5,042,181</u>
NET INCREASE (DECREASE)	(1,230)	(3,935,633)	133,385	(3,803,478)
CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENTS				
	<u>-</u>	<u>4,172,972</u>	<u>-</u>	<u>4,172,972</u>
INCREASE (DECREASE) IN NET ASSETS	(1,230)	237,339	133,385	369,494
NET ASSETS - beginning of year	<u>346,385</u>	<u>(6,620,946)</u>	<u>7,309,584</u>	<u>1,035,023</u>
NET ASSETS - end of year	<u>\$ 345,155</u>	<u>\$ (6,383,607)</u>	<u>\$ 7,442,969</u>	<u>\$ 1,404,517</u>

<u>Savannah State University Foundation, Inc.</u>			Total Savannah State University Foundation, Inc. (Parent Only)
<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	
\$ 2,500	\$ -	\$ 38,845	\$ 287,713
3,569	-	4,092,371	3,802
-	-	(3,848,603)	-
17,489	-	17,489	17,489
-	-	959,350	-
(2,809)	-	-	-
<u>20,749</u>	<u>-</u>	<u>1,259,452</u>	<u>309,004</u>
-	-	57,766	57,766
-	-	180,108	180,108
-	-	55,744	51,302
-	-	495,027	-
-	-	4,117,989	-
-	-	85,077	309
-	-	50,470	-
<u>-</u>	<u>-</u>	<u>5,042,181</u>	<u>289,485</u>
20,749	-	(3,782,729)	19,519
<u>-</u>	<u>-</u>	<u>4,172,972</u>	<u>-</u>
20,749	-	390,243	19,519
<u>116,584</u>	<u>110,000</u>	<u>1,261,607</u>	<u>572,969</u>
<u>\$ 137,333</u>	<u>\$ 110,000</u>	<u>\$ 1,651,850</u>	<u>\$ 592,488</u>