VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

VALDOSTA, GEORGIA

REPORT ON AUDIT OF
CONSOLIDATED FINANCIAL STATEMENTS

TWO YEARS ENDED DECEMBER 31, 2021

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

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Fowler, Holley, Rambo & Stalvey, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Curtis G. Fowler, CPA, PFS · Carlton W. Holley, CPA · C. Wayne Rambo, CPA, CVA · Richard A. Stalvey, CPA

3208 Wildwood Plantation Drive · Post Office Box 1887 · Valdosta, GA 31603-1887 · (229) 244-1559 · (800) 360-3123 · Fax (229) 245-7369

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Valdosta State University Foundation, Inc. (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Valdosta State University Foundation, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Valdosta State University Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Valdosta State University Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Fowler, Holley, Rambo & Stalvey, P.C.

Valdosta, Georgia
July 25, 2022

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	DECEMBER 31, 2021	DECEMBER 31, 2020
Current Assets:		
Cash, Note 1	$ 1,889,845	2,507,080
Investments, Notes 1, 2 and 10	70,525,575	59,679,173
Prepaid expenses	37,893	36,508
Total Current Assets	72,453,313	62,222,761
Other Assets:		
Cash surrender value of life insurance	816,699	692,492
Unconditional promises to give, restricted for permanent endowment, Notes 1 and 4	1,411,926	635,500
Property and equipment, net, Notes 1, 5, 6 and 19	6,379,777	6,586,763
Total Other Assets	8,608,402	7,914,755
Total Assets	$ 81,061,715	70,137,516

NOTE: The accompanying notes to consolidated financial statements are an integral part of this statement.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND NET ASSETS

	DECEMBER 31, 2021	DECEMBER 31, 2020
Current Liabilities:		
Accounts payable	$ 86,053	54,118
Current portion of long-term debt, Notes 6 and 7	446,540	437,173
Current portion of obligations under charitable remainder trusts, Note 11	-	28,568
Unearned revenue, Note 8	261,963	338,216
Other current liabilities	13	533
Due to Valdosta State University Alumni Association, Inc., Note 8	153,644	133,811
Total Current Liabilities	948,213	992,419
Other Liabilities:		
Obligations under charitable remainder trusts, less current portion, Note 11	-	53,643
Interest-rate swap agreements, Notes 1, 10, 13 and 19	227,162	353,175
Long-term debt, less currrent portion, Notes 6, 7 and 19	2,833,196	3,249,111
Total Other Liabilities	3,060,358	3,655,929
Total Liabilities	4,008,571	4,648,348
Net Assets, Notes 1 and 3:		
Without donor restrictions	4,483,134	2,965,209
With donor restrictions	72,570,010	62,523,959
Total Net Assets	77,053,144	65,489,168
Total Liabilities and Net Assets	$ 81,061,715	70,137,516

NOTE: The accompanying notes to consolidated financial statements are an integral part of this statement.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Support and Revenue:			
Contributions, Note 1	$ 502,859	4,572,684	5,075,543
Ticket sales and fees	714	367,673	368,387
Interest and dividends	97,014	1,569,892	1,666,906
Net unrealized and realized gains (losses) on investments, Notes 1 and 15	306,201	7,580,424	7,886,625
Rent income, Note 8	523,926	-	523,926
Other revenue	51	130,165	130,216
Net assets released from restrictions:			
Satisfaction of program restrictions	4,174,787	(4,174,787)	-
Total Support and Revenue	5,605,552	10,046,051	15,651,603
Expenses and Other:			
Management and general	628,646	-	628,646
Program services	3,643,042	-	3,643,042
Fundraising expenses	16,999	-	16,999
Total Expenses	4,288,687	-	4,288,687
Change in fair value of interest-rate swap, Note 13	(126,014)	-	(126,014)
Change in fair value of split-interest agreements	(75,046)	-	(75,046)
Total Expenses and Other	4,087,627	-	4,087,627
Increase in Net Assets	1,517,925	10,046,051	11,563,976
Net Assets, Beginning of Year	2,965,209	62,523,959	65,489,168
Net Assets, End of Year	$ 4,483,134	72,570,010	77,053,144

NOTE: The accompanying notes to consolidated financial statements are an integral part of this statement.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Support and Revenue:			
Contributions, Note 1	$ 175,709	2,273,790	2,449,499
Ticket sales and fees	-	150,755	150,755
Interest and dividends	74,996	1,573,243	1,648,239
Net unrealized and realized gains (losses) on investments, Notes 1 and 15	213,368	4,028,903	4,242,271
Rent income, Note 8	523,926	-	523,926
Other revenue	-	65,035	65,035
Net assets released from restrictions:			
Satisfaction of program restrictions	2,964,265	(2,964,265)	-
Total Support and Revenue	3,952,264	5,127,461	9,079,725
Expenses and Other:			
Management and general	624,084	-	624,084
Program services	3,151,672	-	3,151,672
Fundraising expenses	4,486	-	4,486
Total Expenses	3,780,242	-	3,780,242
Change in fair value of interest-rate swap, Note 13	28,525	-	28,525
Change in fair value of split-interest agreements	14,468	-	14,468
(Gain) loss on sale of property	81,996	-	81,996
Total Expenses and Other	3,905,231	-	3,905,231
Increase in Net Assets	47,033	5,127,461	5,174,494
Net Assets, Beginning of Year	2,918,176	57,396,498	60,314,674
Net Assets, End of Year	$ 2,965,209	62,523,959	65,489,168

NOTE: The accompanying notes to consolidated financial statements are an integral part of this statement.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

		SUPPORTING SERVICES		
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Advertising	$ 22,078	-	-	22,078
Awards and Sponsorships	54,699	-	-	54,699
Bank Charges	-	11,151	-	11,151
Depreciation Expense	-	206,986	-	206,986
Dues and Subscriptions	25,855	-	-	25,855
Equipment Expense	18,444	-	-	18,444
Gifts and Flowers	51,040	-	-	51,040
Gifts-In-Kind	23,821	-	-	23,821
Insurance	-	94,029	-	94,029
Interest Expense	-	167,898	-	167,898
Investment Fees	12,703	-	-	12,703
Management Fees	-	26,442	-	26,442
Meals and Entertainment	439,128	-	-	439,128
Memberships	45,129	-	-	45,129
Miscellaneous	62,873	220	-	63,093
Outside Services	127,663	-	-	127,663
Payments To or On Behalf of VSU	724,487	-	-	724,487
Printing and Publications	12,956	-	-	12,956
Professional Fees	-	37,727	-	37,727
Registrations Expense	102,353	-	-	102,353
Repairs and Maintenance	159,076	10,043	-	169,119
Scholarships Expense	1,323,313	-	-	1,323,313
Software Support Expense	-	26,978	-	26,978
Supplies Expense	347,693	-	16,999	364,692
Taxes and Licenses	-	6,964	-	6,964
Travel and Lodging Expense	87,789	-	-	87,789
Utilities	1,942	3,177	-	5,119
Vehicle Expense	-	37,031	-	37,031
Total Functional Expenses	$ 3,643,042	628,646	16,999	4,288,687

NOTE: The accompanying notes to consolidated financial statements are an integral part of this statement.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

		SUPPORTING SERVICES		
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Advertising	$ 13,508	-	-	13,508
Awards and Sponsorships	36,150	-	-	36,150
Bank Charges	-	4,966	-	4,966
Depreciation Expense	-	220,033	-	220,033
Dues and Subscriptions	11,001	-	-	11,001
Equipment Expense	25,522	-	-	25,522
Gifts and Flowers	30,441	-	-	30,441
Gifts-In-Kind	10,988	-	-	10,988
Insurance	-	72,867	-	72,867
Interest Expense	-	182,978	-	182,978
Investment Fees	6,100	-	-	6,100
Management Fees	-	36,476	-	36,476
Meals and Entertainment	135,617	-	-	135,617
Memberships	31,131	-	-	31,131
Miscellaneous	11,932	536	-	12,468
Outside Services	120,926	-	-	120,926
Payments To or On Behalf of VSU	947,814	-	-	947,814
Printing and Publications	3,066	-	-	3,066
Professional Fees	-	34,368	-	34,368
Real Estate Expense	1,283	-	-	1,283
Registrations Expense	15,047	-	-	15,047
Repairs and Maintenance	26,352	5,661	-	32,013
Scholarships Expense	1,441,491	-	-	1,441,491
Software Support Expense	-	15,703	-	15,703
Supplies Expense	245,404	-	4,486	249,890
Taxes and Licenses	-	7,816	-	7,816
Travel and Lodging Expense	36,424	-	-	36,424
Utilities	1,475	2,663	-	4,138
Vehicle Expense	-	40,017	-	40,017
Total Functional Expenses	$ 3,151,672	624,084	4,486	3,780,242

NOTE: The accompanying notes to consolidated financial statements are an integral part of this statement.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31, 2021	2020
Cash Flows From Operating Activities:		
Increase in net assets	$ 11,563,976	5,174,494
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	206,986	220,033
Amortization of debt issuance costs	6,290	6,290
Change in fair value of interest-rate swap	(126,013)	28,525
Net realized and unrealized (gains) losses on investments	(7,886,625)	(4,242,271)
Write-off of Athletics note receivable	-	81,996
Restricted for long-term purposes:		
Permanently restricted contributions	(1,852,789)	(443,236)
Investment and other income restricted for reinvestment	(1,317,689)	(1,240,299)
Change in operating assets and liabilities:		
(Increase) Decrease in prepaid expenses	(1,385)	(9,996)
(Increase) Decrease in rent receivable	-	261,963
(Increase) Decrease in related party due to/from	19,833	12,353
(Increase) Decrease in unconditional promises to give	(776,426)	270,457
Increase (Decrease) in accounts payable	31,935	(64,866)
Increase (Decrease) in obligations under charitable remainder trusts	(82,211)	(13,810)
Increase (Decrease) in unearned revenue	(76,253)	338,216
Increase (Decrease) in other liabilities	(520)	(2,012)
Net Cash Provided (Used) By Operating Activities	(290,891)	377,837
Cash Flows From Investing Activities:		
(Increase) Decrease in cash surrender value of life insurance	(124,207)	(64,526)
Proceeds from the sale/maturity of investment securities	25,963,438	24,376,345
Purchase of investment securities	(28,923,215)	(28,681,916)
Net Cash Provided (Used) By Investing Activities	(3,083,984)	(4,370,097)

NOTE: The accompanying notes to consolidated financial statements are an integral part of this statement.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	YEAR ENDED DECEMBER 31, 2021	YEAR ENDED DECEMBER 31, 2020
Cash Flows From Financing Activities:		
Proceeds from contributions restricted for long-term purposes	1,852,789	443,236
Proceeds from investment and other income restricted for reinvestment	1,317,689	1,240,299
Principal payments on long-term debt	(412,838)	(392,543)
Net Cash Provided (Used) By Financing Activities	2,757,640	1,290,992
Net Increase (Decrease) in Cash and Cash Equivalents	(617,235)	(2,701,268)
Cash and Cash Equivalents at Beginning of Year	2,507,080	5,208,348
Cash and Cash Equivalents at End of Year	$ 1,889,845	2,507,080

	2021	2020
Supplemental Disclosure of Cash Flow Information:		
Net cash paid during the year for interest	$ 161,608	176,688

NOTE: The accompanying notes to consolidated financial statements are an integral part of this statement.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

Organization and nature of activities: Valdosta State University Foundation, Inc. (the Foundation) is a not-for-profit foundation that was founded May 30, 1963 to receive and administer contributions for the support of the academic programs of Valdosta State University (the University). The University is governed by the Board of Regents of the University System of Georgia (the Board of Regents), and the Foundation is governed by a Board of Trustees (the Trustees). The purpose of the Foundation is to support the development of educational excellence at Valdosta State University. The Foundation's primary efforts are directed toward attracting, receiving, investing, managing, and expending gifts and other resources designated for educational programs at the University, and toward providing financial support to the University for scholarships, faculty salary supplements, awards and lectureships, travel, research, and other institutional programs.

Principles of consolidation: The accompanying consolidated financial statements reflect the consolidated results of the Foundation, VSU Foundation Real Estate I, LLC, and VSU Foundation Real Estate II, LLC. All significant inter-company transactions and accounts have been eliminated.

Donated assets: Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Cash and cash equivalents: For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At December 31, 2021 and 2020, the Foundation had no cash equivalents that were included in cash.

Financial statement presentation and accounting for contributions received: The financial statement presentation is in conformity with the requirements of the Financial Accounting Standards Board in FASB ASC 958. Under FASB ASC 958, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, and include a statement of cash flows and a statement of functional expenses. Under FASB ASC 958, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

Promises to give: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At December 31, 2021 and 2020, the Organization had outstanding uncollected contributions that were, in substance, unconditional, in the amounts of $1,411,926 and $635,500, respectively. These amounts were net of an allowance for uncollectible promises receivable in the amounts of $187,985 and $98,982 at December 31, 2021 and 2020, respectively.

Note 1 - Summary of Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and equipment: The Organization follows the policy of capitalizing property and equipment over $750; lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long these donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives depending on the nature and utility of the individual assets.

Investments: Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Realized gains and losses are computed using the specific-identification method. Real estate investments without readily determinable fair values are stated at cost (or fair value at the time of donation if acquired by gift).

Contributed services: No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. Any other such donated services are considered to be for the benefit of Valdosta State University.

Collections: The Organization follows the policy of capitalizing its collections. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their fair value on the accession date (the date on which the item is accepted by the Acquisitions Committee of the Board of Trustees). Gains or losses on the deaccession of collection items are classified on the statement of activities as without donor restrictions or with donor restrictions depending on the nature of donor restrictions, if any, placed on the item at the time of accession.

Intangible assets: Deferred bond issue costs consist of a discount in the amount of $37,500 and professional fees in the amount of $87,243, and result from the issuance of bonds in 2007. The issue costs of $124,743 are being amortized over the life of the bonds. Amortization expense totaled $6,290 and $6,290 for the years ended December 31, 2021 and 2020, respectively. In accordance with FASB ASC 835-30, the unamortized debt issuance costs are reflected in the Foundation's financial statements as a direct reduction of the related indebtedness.

Concentrations of credit risk: At various times, the Organization may have cash deposits in excess of federally insured limits deposited in financial institutions. The Organization has not experienced any losses from cash deposits exceeding federally insured limits.

Accounting for uncertainty in income taxes: The Organization evaluates any income tax benefits generated from uncertain tax positions using a more-likely-than-not of being sustained upon examination analysis. If a tax benefit is not more-likely-than-not of being sustained upon examination, the Organization records a liability for the recognized income tax benefit. The Organization recognizes accrued interest associated with uncertain tax positions as part of interest expense and penalties associated with uncertain tax positions as part of other expenses.

Note 1 - Summary of Significant Accounting Policies (Continued)

Interest-rate swap agreements: The differential to be paid or received on interest-rate swap agreements is accrued as interest rates change and is recognized over the life of the agreements.

Advertising costs: The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $22,078 and $13,508 for the years ended December 31, 2021 and 2020, respectively.

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

Cost allocation: The financial statements may report certain categories of expenses that are attributable to more than one program or supporting function. When such expenses are incurred, they require allocation on a reasonable basis that is consistently applied. Certain management and general expenses are allocated to program services based on reasonable estimates derived by management.

In May of 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, as amended by subsequent ASUs (collectively, ASC 606). ASC 606 amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, based on the expected consideration to be received in exchange for those goods or services. The Foundation's revenues are primarily composed of contributions and earnings related to its investment portfolio (interest income, dividend income, and realized and unrealized gains and losses on investments). The scope of the new revenue recognition guidance explicitly excludes interest and dividend income and revenue for financial assets and liabilities including loans, leases, securities, and derivatives. Also, the Foundation's contributions revenue falls under the guidance of ASU 2018-08. Accordingly, the majority of the Foundation's revenues are outside the scope of the new guidance. The ASU was to have become effective for years beginning after December 15, 2018; however, as a result of the COVID-19 pandemic in early 2020, the implementation date was postponed by the FASB and became effective beginning January 1, 2020. The Foundation implemented the provisions of ASU 2014-09 during the year 2020, but the implementation did not have a material effect on the Foundation's financial statements.

New Accounting Standard Pending Implementation:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842) (ASU 2016-02)*. The amendments in ASU 2016-02 create FASB ASC Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, Leases. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. The ASU, as extended, is effective for all business entities for fiscal years beginning after December 15, 2021, and will be implemented during the year 2022. Management does not expect it to have a material effect on the Foundation's financial statements.

Note 2 - Investments

Investments consist of the following:

	DECEMBER 31, 2021		
	COST	MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Money market and mutual funds	$ 14,442,543	15,473,206	1,030,663
Equity securities	29,329,441	42,775,521	13,446,080
Corporate debt securities	7,876,846	7,967,010	90,164
Mortgage-backed securities	230,791	240,204	9,413
U.S. Gov't corps and agencies	3,967,611	4,069,634	102,023
	$ 55,847,232	70,525,575	14,678,343

	DECEMBER 31, 2020		
	COST	MARKET VALUE	UNREALIZED APPRECIATION (DEPRECIATION)
Money market and mutual funds	$ 10,676,771	11,673,018	996,247
Equity securities	26,920,239	35,642,186	8,721,947
Corporate debt securities	7,199,787	7,579,712	379,925
Mortgage-backed securities	351,239	369,889	18,650
U.S. Gov't corps and agencies	4,130,830	4,414,368	283,538
	$ 49,278,866	59,679,173	10,400,307

The following schedules summarize the investments' returns and their classification in the consolidated statement of activities for the years ended December 31, 2021 and 2020:

	FOR THE YEAR ENDED DECEMBER 31, 2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Interest and dividends	$ 97,014	1,569,892	1,666,906
Net unrealized and realized gains (losses) on investments	306,201	7,580,424	7,886,625
	$ 403,215	9,150,316	9,553,531

	FOR THE YEAR ENDED DECEMBER 31, 2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
Interest and dividends	$ 74,996	1,573,243	1,648,239
Net unrealized and realized gains (losses) on investments	213,368	4,028,903	4,242,271
	$ 288,364	5,602,146	5,890,510

Note 2 – Investments (Continued)

Investments are carried at market values as of year end. These valuations are subject to market fluctuations and other factors and may differ from the ultimate realizable value of the investments, and these differences may be material.

Note 3 – Restrictions on Net Assets

In August 2009, the Financial Accounting Standards Board (FASB) issued FASB ASC 958-205 (formerly Staff Position No. FAS 117-1, "Endowments of Not-for-Profit Foundations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds"). FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of fair value of the original gift as of the gift date if the donor-restricted endowment funds do not include explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as donor restricted (a) the original value of gifts donated to a permanent endowment fund, (b) the original value of the subsequent gifts to a permanent endowment fund, and (c) accumulations to a permanent endowment fund 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 non-restricted endowment fund that is not classified as donor restricted net assets is classified as net assets without donor restrictions.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies: The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets. The Organization engages the services of professional investment advisors to assist in monitoring compliance with its policies in this area.

Spending Policy: The current spending policy is based upon an allocation of 100% of the realized and unrealized income earned as available for current and future expenditures, except where restricted by the donor. However, spending is limited to reasonable and necessary expenses for program, management, general and fundraising.

Management, Reporting and Monitoring: Endowment and other funds are managed by the Organization through management and the Board of Trustees, with the assistance of professional investment advisors. Investment results are compared to certain predetermined benchmarks.

Note 3 – Restrictions on Net Assets (Continued)

Net assets with donor restrictions are available for the following purposes:

	DECEMBER 31, 2021	DECEMBER 31, 2020
Scholarship programs	$ 45,230,190	39,542,397
University department programs	7,378,801	5,873,032
Buildings and equipment	3,211,862	2,339,043
Pizer Chair political science salary support	681,051	590,916
Langdale College of Business Administration	16,068,106	14,178,571
	$ 72,570,010	62,523,959

Note 4 – Unconditional Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending upon the form of benefit received. A valuation allowance is recorded to discount the value of the gift to its net present value based on a discount rate of 3.25%.

Outstanding promises to give and the related valuation allowance at December 31, 2021 and 2020 were as follows:

	DECEMBER 31, 2021	DECEMBER 31, 2020
Unconditional promises to give	$ 1,879,854	989,821
Less: Discounts to net present value	(279,943)	(255,339)
	1,599,911	734,482
Less: Allowance for uncollectible promises	(187,985)	(98,982)
	$ 1,411,926	635,500
The unconditional promises were estimated to be due as follows:		
Less than one year	$ 691,844	311,395
One to five years	720,082	324,105
	$ 1,411,926	635,500

Note 5 – Property and Equipment

Property and equipment are summarized as follows:

	DECEMBER 31, 2021				DECEMBER 31, 2020
	LAND	DEPRECIABLE PROPERTY	ACCUMULATED DEPRECIATION	NET BOOK VALUE	NET BOOK VALUE
Vehicles:					
2016 GMC Yukon	$ -	31,185	(20,790)	10,395	16,632
2017 Ford Expedition	-	30,879	(16,469)	14,410	20,586
Total Vehicles	-	62,064	(37,259)	24,805	37,218
Land, Buildings & Equipment:					
111 W. Brookwood	40,000	121,497	(52,154)	109,343	109,343
103 W. Moore	71,250	214,312	(91,549)	194,013	194,013
1508 N. Oak Street	24,713	125,952	-	150,665	150,665
Holland Property	20,000	-	-	20,000	20,000
Howard Property	5,000	-	-	5,000	5,000
Lilly Street - 2 Lots	5,000	-	-	5,000	5,000
50 & 52 Lilly Street	60,000	-	-	60,000	60,000
622 Lilly Street	30,000	-	-	30,000	30,000
626 Lilly Street (Wright)	35,000	-	-	35,000	35,000
1104 & 1106 West Street	60,000	-	-	60,000	60,000
Plowden Field Property	224,000	-	-	224,000	224,000
Corbitt Subdivision Lots	6,620	-	-	6,620	6,620
W. Mary Street - 2.293 acres	125,000	-	-	125,000	125,000
Stump Property	71,300	-	-	71,300	71,300
Athletic Fieldhouse Facility	-	5,536,699	(1,799,427)	3,737,272	3,875,689
Athletic Practice Fields	1,158,880	1,059,156	(696,277)	1,521,759	1,577,915
Total Land, Bldgs & Equip.	1,936,763	7,057,616	(2,639,407)	6,354,972	6,549,545
Total Property & Equipment	$ 1,936,763	7,119,680	(2,676,666)	6,379,777	6,586,763

Depreciation expense totaled $206,986 and $220,033 for the years ended December 31, 2021 and 2020, respectively.

Depreciable assets are depreciated using the straight-line method over the following estimated useful lives:

Vehicles	5 years
Residential rental properties	27.5 years
Non-residential buildings	40 years
Well and landscaping	15 years
Synthetic practice field	10 years
Fencing and goal posts	10 years

Note 6 – Long-Term Debt

Long-term indebtedness consists of the following:

	DECEMBER 31, 2021	DECEMBER 31, 2020
Bond payable, issued in 2007, discussed in Note 8 below.	$ 2,463,079	2,794,083
Note payable to First State Bank, payable in monthly installments of $9,651.61, including interest at the fixed rate of 4.25% through October 4, 2021, at which time the rate was renegotiated for the subsequent five-year period at a fixed rate of 3.75% The note is unsecured and matures in September 2030.	842,101	918,408
Note payable to Southeast Toyota Finance, payable in 60 monthly installments of $517.69, including interest at the fixed rate of 5.20%, matures August 20, 2023, secured by 2016 GMC Yukon.	10,193	15,720
Total long-term debt	3,315,373	3,728,211
Less: Unamortized debt issuance costs	(35,637)	(41,927)
Long-term debt, less unamortized debt issuance costs	3,279,736	3,686,284
Less: Current Portion	(446,540)	(437,173)
Long-Term Portion	$ 2,833,196	3,249,111

In accordance with ASU 2015-03, unamortized debt issuance costs are to be presented as a direct reduction of the carrying amount of the related debt, rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the consolidated statements of activities.

At December 31, 2021, future maturities of long-term debt were as follows:

YEAR ENDING DECEMBER 31,	
2022	$ 446,540
2023	452,627
2024	455,971
2025	463,866
2026	471,946
Thereafter	1,024,423
	$ 3,315,373

Note 7 – Athletic Facility Revenue Bonds

In November 2007, the Development Authority of Lowndes County (the Authority) issued $5,800,000 of Series 2007 First Mortgage Revenue Bonds (the 2007 Bond). The Authority then loaned the proceeds to the Foundation. The proceeds of the 2007 Bond are to be used (1) to finance the costs of acquisition, construction, renovation and installation of various-purpose educational facilities to be rented by the borrower to the Board of Regents of the University System of Georgia, (2) to fund interest during the construction period, and (3) to pay costs of the Bond issuance.

The 2007 Bond is the only bond of an authorized issue limited in original principal amount of $5,800,000 and is payable from and secured by a lien upon certain leasehold deeds to secure debt and certain pledged revenues and assignment of rents and leases. The 2007 Bond consists of a 20-year bond in the amount of $5,800,000, maturing on September 1, 2028, and is subject to optional, mandatory and extraordinary redemption prior to the stated maturity. The Bond bears interest at a variable rate equal to the sum of (i) 61.1% of LIBOR, plus (ii) 115 basis points. During the first year after the Bond issuance, interest only was due monthly. Then, beginning November 1, 2008, principal and interest became due monthly.

The 2007 Bond was issued at a discount of $37,500, and the Foundation incurred issuance costs in the amount of $87,243. The total of these costs, $124,743, is being amortized over the term of the Bond. Amortization expense totaled $6,290 and $6,290 for the years ended December 31, 2021 and 2020, respectively.

The bond issue is underwritten and administered by Bank of America. Under the terms of the agreement with Bank of America, there is a "Minimum Rent Coverage" calculation in which the rents received by the Foundation from the Board of Regents of the University System of Georgia in relation to the athletic facilities will be compared to the debt service (which includes principal, interest, and swap payments) of the 2007 Revenue Bonds on an annual basis. The amount of rent received divided by the debt service must equal or exceed a ratio of one-to-one. At December 31, 2021 and 2020, the Foundation was in compliance with this arrangement.

The following table represents the mandatory principal redemptions on the 2007 Bond as of December 31, 2021:

YEAR ENDING DECEMBER 31,		
2022	$	356,922
2023		361,265
2024		365,660
2025		370,109
2026		374,612
Thereafter		634,511
	$	2,463,079

Note 8 – Related-Party Transactions

Because of the existence of common trustees, shared expenses, and other factors, Valdosta State University Foundation, Inc., Valdosta State University (the University) VSU Auxiliary Services Real Estate Foundation (Auxiliary Services), and Valdosta State University Alumni Association (Alumni Association) are related parties.

Direct contributions made by the Foundation to the University, or on its behalf, during the years ended December 31, 2021 and 2020 were as follows:

	YEAR ENDED DECEMBER 31,	
	2021	2020
Scholarships	$ 1,323,313	1,441,491
Various Programs	724,487	947,814
Total	$ 2,047,800	2,389,305

The Foundation leases certain property, which has a total carrying value of $5,259,031 and $5,453,604 as of December 31, 2021 and 2020, respectively, to the University. Rent income from the University totaled $523,926 and $523,926 for the years ended December 31, 2021 and 2020, respectively, related to this property. The lease agreement expires annually on June 30, and provides for renewal terms. The Foundation anticipates the lease will be renewed upon the next lease expiration date. Included in the consolidated statements of financial position at December 31, 2021 and 2020 was $261,963 unearned revenue, attributable to the lease.

The Foundation periodically purchases and transfers or sells property to the Board of Regents. In January 2020, a property was transferred from the Foundation to the Board of Regents, resulting in a loss on transfer of $81,996. In November 2020, the Foundation purchased property adjacent to the University campus for a total of $803,718, and sold it to the Board of Regents for $694,971. The difference in the purchase price and the sale price resulted in a loss on transfer in the amount of $108,747. In addition, in January 2021, an additional property was purchased by the Foundation and transferred to the Board of Regents, resulting in a loss on transfer of $76,253. The combined losses from the transfer of the November 2020 and January 2021 properties totaled $185,000, and was offset by a contribution in 2020 from the VSU Auxiliary Services Real Estate Foundation in the amount of $185,000.

Trustees of the Foundation made gifts of $547,906 and $262,275 for the years ended December 31, 2021 and 2020, respectively.

Valdosta State University provides the Foundation with certain services of an administrative nature including purchasing, payroll processing, and the use of office space. Also, the University pays the salaries of all Foundation employees. The Foundation does not reimburse the University for all of these services or benefits.

The Foundation provides investment management services to the VSU Alumni Association for a fee of up to 1.5% of the three-year average Alumni endowment accounts. The investment fees attributable to the Alumni Association were $1,572 and $1,363 for the years ended December 31, 2021 and 2020, respectively. The liabilities due to the VSU Alumni Association in the amounts of $153,644 and $133,811 at December 31, 2021 and 2020, respectively, represent the Alumni endowment investments held and managed on behalf of the Alumni Association.

Note 9 – Income Taxes

The Foundation is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as a nonprofit organization described in IRC Section 501(c)(3). The Internal Revenue Service has determined that the Foundation is not a private foundation under Section 509(a) of the IRC. The Foundation is subject to federal income tax on unrelated business income.

Note 9 – Income Taxes (Continued)

For the years ended December 31, 2021 and 2020, management believes there are no material amounts of uncertain tax positions. Additionally, there were no amounts of interest or penalties recognized in the statements of financial position as of December 31, 2021 and 2020 or the statements of activities for the years then ended. Further, the Organization's Forms 990, Return of Organization Exempt from Income Tax, for all years subsequent to 2018 remain subject to examination by the IRS, generally for three years after they were filed.

Note 10 - Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provided the 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 Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The three levels of the fair value hierarchy under FASB ASC 820 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. There have been no changes in the methodologies used at December 31, 2021 and 2020.

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

Note 10 - Fair Value Measurements (Continued)

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

Corporate bonds, mortgage-backed securities, and U.S. government securities: Valued at the closing price reported on the active market for similar assets or liabilities, or at quoted prices for identical or similar assets or liabilities in inactive markets.

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 tables set forth by level, within the fair value hierarchy, the Foundation's assets and liabilities at fair value as of December 31, 2021 and 2020:

	ASSETS AND LIABILITIES AT FAIR VALUE AS OF DECEMBER 31, 2021			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Mutual Funds:				
Balanced funds	$ 2,800,704	-	-	2,800,704
Blended funds	1,426,488	-	-	1,426,488
Fixed income funds	9,572,039	-	-	9,572,039
Growth funds	1,538,002	-	-	1,538,002
Real estate investment trust funds	135,973	-	-	135,973
Total Mutual Funds	15,473,206	-	-	15,473,206
Equity Securities:				
Corporate stocks	42,775,521	-	-	42,775,521
Total Equity Securities	42,775,521	-	-	42,775,521
Other Investments:				
Corporate debt securities	-	7,967,010	-	7,967,010
Mortgage-backed securities	-	240,204	-	240,204
U.S. Gov't corps and agencies	-	4,069,634	-	4,069,634
Total Other Investments	-	12,276,848	-	12,276,848
Total Assets at Fair Value	$ 58,248,727	12,276,848	-	70,525,575
Interest-rate swap agreement	$ -	227,162	-	227,162

Note 10 - Fair Value Measurements (Continued)

	ASSETS AND LIABILITIES AT FAIR VALUE AS OF DECEMBER 31, 2020			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Mutual Funds:				
Balanced funds	$ 2,894,262	-	-	2,894,262
Blended funds	1,388,900	-	-	1,388,900
Fixed income funds	6,519,140	-	-	6,519,140
Growth funds	642,760	-	-	642,760
Real estate investment trust funds	227,956	-	-	227,956
Total Mutual Funds	11,673,018	-	-	11,673,018
Equity Securities:				
Corporate stocks	35,642,186	-	-	35,642,186
Total Equity Securities	35,642,186	-	-	35,642,186
Other Investments:				
Corporate debt securities	-	7,579,712	-	7,579,712
Mortgage-backed securities	-	369,889	-	369,889
U.S. Gov't corps and agencies	-	4,414,368	-	4,414,368
Total Other Investments	-	12,363,969	-	12,363,969
Total Assets at Fair Value	$ 47,315,204	12,363,969	-	59,679,173
Interest-rate swap agreement	$ -	353,175	-	353,175

Note 11 – Life-Income Agreements

The Foundation is trustee and beneficiary of seven life-income agreements at December 31, 2021 and 2020. A life-income agreement provides for the payment of distributions to the grantor or other designated beneficiaries over the term of the agreement. At the end of the term, the remaining assets are available for the Foundation's use. The assets of the agreements are recorded at fair value. The Foundation's obligations to the donors, or their designated beneficiaries, is recorded at the present value of the estimated future payments to be distributed over the donor's expected lives, using applicable federal rates for annuities and applicable mortality tables. The portion of the agreement attributable to the present value of the future benefits to be received by the Foundation is recorded in the Consolidated Statements of Activities as contributions with donor restrictions in the period the agreement is established. There were no such new agreements established during the years ended December 31, 2021 and 2020. Balances of the trusts at December 31, 2021 and 2020 were as follows:

	DECEMBER 31,	
	2021	2020
Trust assets	$ 262,470	198,779
Obligations to donors	-	(82,211)
Net Assets of Life Income Agreements	$ 262,470	116,568

Net assets of the trusts are classified in the Consolidated Statements of Financial Position as net assets with donor restrictions.

Note 12 – Revenue Recognition

Following is a disaggregation of revenue for the years ending December 31, 2021 and 2020, detailing which revenue line items fall within and outside of the scope of FASB ASC 606. No adjustments to revenue accounts were needed as a result of implementing the new guidance.

	YEAR ENDED DECEMBER 31,	
	2021	2020
In Scope of FASB ASC 606:		
Ticket sales and fees	$ 368,387	150,755
Rent income	523,926	523,926
Other revenue	130,216	65,035
Out of Scope of FASB ASC 606:		
Contributions	5,075,543	2,449,499
Interest and dividends	1,666,906	1,648,239
Net unrealized and realized gains (losses) on investments	7,886,625	4,242,271
	$ 15,651,603	9,079,725

Note 13 – Interest-Rate Swaps

On January 1, 2001, the Foundation adopted FASB ASC 815, formerly SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. FASB ASC 815 establishes accounting and reporting standards requiring that derivative instruments (including certain derivative instruments embedded in other contracts) be recorded in the Consolidated Statements of Financial Position as either an asset or liability measured at its fair value. It also requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met.

On October 2, 2007, the Foundation entered into an interest-rate swap agreement relating to the Athletic Facility Revenue Bond in the notional principal amount of $5,800,000. The interest-rate swap agreement provides that the Foundation will make monthly interest payments at the fixed rate of 4.49%, and requires the hedge provider to make monthly interest payments at a variable rate equal to the sum of (i) 61.1% of LIBOR, plus (ii) 115 basis points. The hedge has an effective date of October 1, 2009 and a termination date of September 1, 2028.

The swap was issued at market terms so that there was no related asset or liability regarding its fair value at inception. Since inception, the carrying amount of the swap has been adjusted to its fair value at the end of each subsequent year, which, because of changes in forecasted levels of LIBOR resulted in reporting a liability for the fair value of the future net payments forecasted under the swap. The fair value of the interest-rate swap created liabilities of $227,162 and $353,175 at December 31, 2021 and 2020, respectively. In addition, the accompanying Consolidated Statements of Activities include additional income (expense) for the decreases (increases) in the liabilities associated with the fair value of the interest-rate swap in the amounts of $126,014 and ($28,526) for the years ended December 31, 2021 and 2020, respectively. The Foundation is exposed to credit loss in the event of nonperformance by the hedge provider to the interest-rate swap agreement. However, the Foundation does not anticipate such nonperformance by the counter-party.

Note 14 – Functional Classification of Expenses

Expenses by function for the years ended December 31, 2021 and 2020 were as follows:

	YEAR ENDED DECEMBER 31,	
	2021	2020
Program Services:		
Education excellence	$ 3,643,042	3,151,672
Supporting Services:		
Management and general	628,646	624,084
Fundraising	16,999	4,486
Total Expenses	$ 4,288,687	3,780,242

Note 15 – Investment Fees

Gains and losses reported in the accompanying Consolidated Statements of Activities are net of investment fees of $302,716 and $258,378 for the years ended December 31, 2021 and 2020, respectively. The investment fees were deducted as follows:

	YEAR ENDED DECEMBER 31,	
	2021	2020
Investment fees deducted from net assets with donor restrictions	$ 301,150	257,041
Investment fees deducted from net assets without donor restrictions	1,566	1,337
	$ 302,716	258,378

Note 16 – Interest Expense

The Foundation incurred interest costs for the years ended December 31, 2021 and 2020 as follows:

	YEAR ENDED DECEMBER 31,	
	2021	2020
Interest costs capitalized	$ -	-
Interest costs charged to expense	167,898	182,978
Total Interest Expense Incurred	$ 167,898	182,978

Note 17 – Operating Leases

At December 31, 2021, the Foundation was obligated under operating leases for various vehicles for use by the coaching staff of the University Athletics Department, with total monthly lease payments of $2,356. Rent expense under these operating leases was $37,031 and $40,017 for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments under these leases as of December 31, 2021 are as follows:

YEAR ENDING DECEMBER 31,	
2022	$ 20,766
2023	16,036
2024	11,896
2025	1,730

Note 18 – Liquidity and Availability of Financial Assets

The following represents the Foundation's financial assets as of December 31, 2021, reduced by amounts not expected to be available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets at year end:	
Unrestricted cash and cash equivalents	$ 1,889,845
Investments	70,525,575
Cash surrender value of life insurance	816,699
Unconditional promises to give	1,411,926
Total financial assets	74,644,045
Less amounts not available to be used within one year, due to:	
Current portion of long-term debt	446,540
Estimated non-current portion of unconditional promises to give	720,082
Net assets with donor restrictions	72,570,010
Less net assets with purpose-restrictions expected to be met in less than a year	(4,175,000)
	69,561,632
Financial assets expected to be available to meet cash needs for general expenditures within one year	$ 5,082,413

As part of the Foundation's liquidity management, it has the policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, from time to time, the Foundation invests excess cash in short-term investments, including money market accounts and certificates of deposit, at the Board's discretion.

Note 19 – Subsequent Events

Subsequent events: The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through July 25, 2022, the date on which the financial statements were available to be issued.

In July 2022, the Foundation sold the athletic fieldhouse facility to the University for a total consideration that paid off the outstanding bond indebtedness, along with the outstanding liability associated with the interest-rate swap agreement. Because the net book value of the facility was more than the outstanding debt on the property, the transaction resulted in a net loss to the Foundation of approximately $1 million.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the consolidated financial statements of Valdosta State University Foundation, Inc. as of and for the years ended December 31, 2021 and 2020, and our report thereon dated July 25, 2022 which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidating Statement of Financial Position, Consolidating Statement of Activities, and Consolidated Comparative Schedules of Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the 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 audit of the consolidated financial statements and certain other 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.

Fowler, Holley, Rambo & Stalvey, P.C.

Valdosta, Georgia
July 25, 2022

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

	VSU FOUNDATION INC.	VSU FOUNDATION REAL ESTATE I, LLC	VSU FOUNDATION REAL ESTATE II, LLC	TOTALS	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
Current Assets:						
Cash	$ 1,704,403	-	185,442	1,889,845	-	1,889,845
Investments	70,525,575	-	-	70,525,575	-	70,525,575
Due from related parties	77,989	-	-	77,989	(77,989)	-
Prepaid expenses	37,893	-	-	37,893	-	37,893
Total Current Assets	72,345,860	-	185,442	72,531,302	(77,989)	72,453,313
Other Assets:						
CSV of life insurance	816,699	-	-	816,699	-	816,699
Unconditional promises to give permanently restricted	1,411,926	-	-	1,411,926	-	1,411,926
Investment in subsidiaries	561,474	-	-	561,474	(561,474)	-
Property and equipment, net	5,925,756	150,665	303,356	6,379,777	-	6,379,777
Total Other Assets	8,715,855	150,665	303,356	9,169,876	(561,474)	8,608,402
Total Assets	$ 81,061,715	150,665	488,798	81,701,178	(639,463)	81,061,715

NOTE: See Independent Auditor's Report on Supplementary Information.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

LIABILITIES AND NET ASSETS

	VSU FOUNDATION INC.	VSU FOUNDATION REAL ESTATE I, LLC	VSU FOUNDATION REAL ESTATE II, LLC	TOTALS	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
Current Liabilities:						
Accounts payable	$ 86,053	-	-	86,053	-	86,053
Current portion of long-term debt	446,540	-	-	446,540	-	446,540
Unearned revenue	261,963	-	-	261,963	-	261,963
Other current liabilities	13	-	-	13	-	13
Due to related parties	-	21,032	56,957	77,989	(77,989)	-
Due to VSU Alumni Assoc., Inc.	153,644	-	-	153,644	-	153,644
Total Current Liabilities	948,213	21,032	56,957	1,026,202	(77,989)	948,213
Other Liabilities:						
Interest-rate swap agreements	227,162	-	-	227,162	-	227,162
Long-term debt, less current portion	2,833,196	-	-	2,833,196	-	2,833,196
Total Other Liabilities	3,060,358	-	-	3,060,358	-	3,060,358
Total Liabilities	4,008,571	21,032	56,957	4,086,560	(77,989)	4,008,571
Net Assets:						
Without donor restrictions	4,483,134	129,633	431,841	5,044,608	(561,474)	4,483,134
With donor restrictions	72,570,010	-	-	72,570,010	-	72,570,010
Total Net Assets	77,053,144	129,633	431,841	77,614,618	(561,474)	77,053,144
Total Liabilities and Net Assets	$ 81,061,715	150,665	488,798	81,701,178	(639,463)	81,061,715

NOTE: See Independent Auditor's Report on Supplementary Information.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2021

	VSU FOUNDATION INC.	VSU FOUNDATION REAL ESTATE I, LLC	VSU FOUNDATION REAL ESTATE II, LLC	TOTALS	ELIMINATING ENTRIES	CONSOLIDATED TOTALS
Support and Revenue:						
Contributions	$ 5,075,543	-	-	5,075,543	-	5,075,543
Ticket sales and fees	368,387	-	-	368,387	-	368,387
Interest and dividends	1,666,128	-	778	1,666,906	-	1,666,906
Net unrealized and realized gains (losses)	7,886,625	-	-	7,886,625	-	7,886,625
Rent income	523,926	-	-	523,926	-	523,926
Income (loss) from subsidiaries	(27,459)	-	-	(27,459)	27,459	-
Other revenue	130,216	-	-	130,216	-	130,216
Total Support and Revenue	15,623,366	-	778	15,624,144	27,459	15,651,603
Expenses and Other:						
Management and general	600,409	6,298	21,939	628,646	-	628,646
Program services	3,643,042	-	-	3,643,042	-	3,643,042
Fundraising expenses	16,999	-	-	16,999	-	16,999
Total Expenses	4,260,450	6,298	21,939	4,288,687	-	4,288,687
Change in fair value of interest-rate swap	(126,014)	-	-	(126,014)	-	(126,014)
Change in fair value of split-interest agreements	(75,046)	-	-	(75,046)	-	(75,046)
Total Expenses and Other	4,059,390	6,298	21,939	4,087,627	-	4,087,627
Increase (Decrease) in Net Assets	11,563,976	(6,298)	(21,161)	11,536,517	27,459	11,563,976
Net Assets, Beginning of Year	65,489,168	135,931	453,002	66,078,101	(588,933)	65,489,168
Net Assets, End of Year	$ 77,053,144	129,633	431,841	77,614,618	(561,474)	77,053,144

NOTE: See Independent Auditor's Report on Supplementary Information.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED COMPARATIVE SCHEDULES OF REVENUES AND EXPENSES

	YEAR ENDED DECEMBER 31, 2021	YEAR ENDED DECEMBER 31, 2020	INCREASE (DECREASE)
Support and Revenue:			
Contributions	$ 5,075,543	2,449,499	2,626,044
Ticket sales and fees	368,387	150,755	217,632
Interest and dividends	1,666,906	1,648,239	18,667
Net unrealized and realized gains (losses) on investments	7,886,625	4,242,271	3,644,354
Rent income	523,926	523,926	-
Other revenue	130,216	65,035	65,181
Total Support and Revenue	15,651,603	9,079,725	6,571,878
Expenses and Other:			
Management and General:			
Bank Charges	11,151	4,966	6,185
Depreciation Expense	206,986	220,033	(13,047)
Insurance	94,029	72,867	21,162
Interest Expense	167,898	182,978	(15,080)
Management Fees	26,442	36,476	(10,034)
Miscellaneous	220	536	(316)
Professional Fees	37,727	34,368	3,359
Repairs and Maintenance	10,043	5,661	4,382
Software Support Expense	26,978	15,703	11,275
Taxes and Licenses	6,964	7,816	(852)
Utilities	3,177	2,663	514
Vehicle Expense	37,031	40,017	(2,986)
Total Management and General	628,646	624,084	4,562
Program Services:			
Advertising	22,078	13,508	8,570
Awards and Sponsorships	54,699	36,150	18,549
Dues and Subscriptions	25,855	11,001	14,854
Equipment Expense	18,444	25,522	(7,078)
Gifts and Flowers	51,040	30,441	20,599
Gifts-In-Kind	23,821	10,988	12,833
Investment Fees	12,703	6,100	6,603

NOTE: See Independent Auditor's Report on Supplementary Information.

VALDOSTA STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED COMPARATIVE SCHEDULES OF REVENUES AND EXPENSES (CONTINUED)

	YEAR ENDED DECEMBER 31, 2021	2020	INCREASE (DECREASE)
Meals and Entertainment	439,128	135,617	303,511
Memberships	45,129	31,131	13,998
Miscellaneous	62,873	11,932	50,941
Outside Services	127,663	120,926	6,737
Payments To or On Behalf of VSU	724,487	947,814	(223,327)
Printing and Publications	12,956	3,066	9,890
Real Estate Expense	-	1,283	(1,283)
Registrations Expense	102,353	15,047	87,306
Repairs and Maintenance	159,076	26,352	132,724
Scholarships Expense	1,323,313	1,441,491	(118,178)
Supplies Expense	347,693	245,404	102,289
Travel and Lodging Expense	87,789	36,424	51,365
Utilities	1,942	1,475	467
Total Program Services	3,643,042	3,151,672	491,370
Fundraising Expenses:			
Supplies Expense	16,999	4,486	12,513
Change in fair value of interest-rate swap	(126,014)	28,525	(154,539)
Change in fair value of split-interest agreements	(75,046)	14,468	(89,514)
(Gain) loss on transfer of property	-	81,996	(81,996)
Total Expenses and Other	4,087,627	3,905,231	182,396
Increase in Net Assets	11,563,976	5,174,494	6,389,482
Net Assets, Beginning of Year	65,489,168	60,314,674	
Net Assets, End of Year	$ 77,053,144	65,489,168	

NOTE: See Independent Auditor's Report on Supplementary Information.