GEORGIA TECH FACILITIES, INC.

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

with
INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

SMITH+HOWARD PC

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Georgia Tech Facilities, Inc.

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Georgia Tech Facilities, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the results of their operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

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

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 31, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ending June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith and Howard

Atlanta, GA
August 26, 2024

GEORGIA TECH FACILITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
Cash and cash equivalents (Note 2 and 3)	$ 10,720,104	$ 13,178,085
Capital reserve funds (Note 2 and 3)	11,099,881	10,702,633
Restricted cash - projects (Note 2 and 3)	8,470,339	5,390,695
Restricted cash - bond proceeds (Note 2 and 3)	37,927,801	4,792,981
Due from related parties (Note 7)	145,137	-
Investment in sales-type leases (Note 5)	268,916,283	281,698,316
Non-investment real estate, net (Note 4)	2,760,178	2,760,178
Prepaid ground lease (Note 5)	2,518,750	2,712,500
Prepaid expense	101,654	133,466
Construction in progress (Note 2)	45,737,740	493,601
Total Assets	$ 388,397,867	$ 321,862,455

LIABILITIES AND NET ASSETS

	2024	2023
Liabilities		
Accounts and contract retainage payable	$ 11,332,003	$ 799,170
Accrued bond interest	1,450,480	1,350,290
Bonds payable, net - current portion (Note 6)	14,848,138	13,382,575
Bonds payable, net - noncurrent (Note 6)	321,026,896	271,457,900
Deferred revenue - rent	1,262,308	1,285,269
Deferred revenue - special projects	5,098,815	5,053,179
Deferred revenue - R&R (Note 2)	9,578,237	9,180,989
Total Liabilities	364,596,877	302,509,372
Net Assets		
Without donor restrictions	23,800,990	19,353,083
Total Net Assets	23,800,990	19,353,083
Total Liabilities and Net Assets	$ 388,397,867	$ 321,862,455

The accompanying notes are an integral part of these financial statements.

GEORGIA TECH FACILITIES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2024, WITH SUMMARIZED FINANCIAL INFORMATION
FOR YEAR ENDED JUNE 30, 2023

	2024 Total	2023 Total
Support from affiliates - rent (Note 2)	$ 14,246,136	$ 17,411,451
Support from affiliates - other (Note 2)	23,638,793	2,320,787
Interest income	1,828,124	692,702
Management fees (Note 7)	265,203	212,453
Total Revenues	39,978,256	20,637,393
Program expense:		
Interest expense (Notes 2 and 6)	16,276,311	11,773,336
Depreciation (Note 4)	-	820,013
Broker fees	500	4,902
Trustee fees	10,989	15,254
Rent - ground lease, electrical substation (Note 5)	193,750	193,750
Insurance and bonding	830,139	758,623
Donation expense (Note 7)	17,801,863	29,769,369
Miscellaneous fees	56,414	55,152
Total Program Expense	35,169,966	43,390,399
General and administrative expense:		
Supplies and materials	21,190	8,624
Insurance and bonding	24,776	22,564
Reimbursed administrative costs and salaries - Georgia Tech	201,154	188,200
Professional fees	113,263	119,592
Total General and Administrative Expense	360,383	338,980
Total Expenses	35,530,349	43,729,379
Increase (decrease) in net assets	4,447,907	(23,091,986)
Net assets, beginning of year	19,353,083	42,445,069
Net assets, end of year	$ 23,800,990	$ 19,353,083

The accompanying notes are an integral part of these financial statements.

GEORGIA TECH FACILITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities:		
Increase (decrease) in net assets	$ 4,447,907	$ (23,091,986)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	-	820,013
Amortization of bond issuance and other financing costs and discount	7,419,088	1,682,874
Amortization of bond premium costs	(2,887,135)	(2,790,652)
Non-cash donation expense	15,681,563	21,088,647
Changes in operating assets and liabilities:		
Due to/from related parties	(145,137)	(1,879,371)
Investment in sales-type leases	12,782,033	11,093,930
Prepaid ground lease	193,750	193,750
Prepaid expense	(2,168,188)	78,441
Accrued bond interest	100,190	(91,588)
Accounts and contract retainage payable	8,197,377	3,260,300
Deferred revenue - rent	(22,961)	74,137
Deferred revenue - special projects	45,636	4,131,579
Deferred revenue - repairs & replacement	397,248	(1,126,533)
Net Cash Provided by Operating Activities	44,041,371	13,443,541
Cash Flows from Investing Activities:		
Additions to capitalized development costs, net	(58,590,246)	(6,451,185)
Net Cash Required by Investing Activities	(58,590,246)	(6,451,185)
Cash Flows from Financing Activities:		
Repayments of bonds payable	(10,870,000)	(10,675,000)
Proceeds from bonds payable, net	59,572,606	-
Net Cash Provided (Required) by Financing Activities	48,702,606	(10,675,000)
Net Increase (Decrease) in Cash and Cash Equivalents, Capital Reserve Funds, and Restricted Cash,	34,153,731	(3,682,644)
Cash and Cash Equivalents, Capital Reserve Funds, and Restricted Cash, Beginning of Year	34,064,394	37,747,038
Cash and Cash Equivalents, Capital Reserve Funds, and Restricted Cash, End of Year	$ 68,218,125	$ 34,064,394

(Continued)

The accompanying notes are an integral part of these financial statements.

GEORGIA TECH FACILITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

(Continued)

Reconciliation of Cash and Cash Equivalents to the Statement of Financial Position:

		2024		2023
Cash and cash equivalents	$	10,720,104	$	13,178,085
Capital reserve funds		11,099,881		10,702,633
Restricted cash - projects		8,470,339		5,390,695
Restricted cash - bond proceeds		37,927,801		4,792,981
	$	68,218,125	$	34,064,394

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for interest	$	11,644,168	$	12,954,823

Non Cash Operating and Investing Activity

For the year ended June 30, 2024, cash flows from investing activities do not include purchases and capitalized interest of $11,125,284 as the corresponding invoices were included in accounts and contract retainage payable and accrued bond interest.

The accompanying notes are an integral part of these financial statements.

NOTE 1 – NATURE OF ORGANIZATION

Organization

Georgia Tech Facilities, Inc. (the “Organization”) was incorporated as Georgia Tech Foundation Facilities, Inc. in the State of Georgia in 1985 as a not-for-profit corporation. The Organization dropped “Foundation” from its name in 1999 to highlight that it is separate from and not affiliated with the Georgia Tech Foundation, Inc. (the “Foundation” or “GTF”). The purpose of the Organization is to construct buildings and other facilities as appropriate to meet the needs and goals of the Georgia Institute of Technology (“GIT” or “Georgia Tech”). Funding for construction is obtained by the Organization from contributions or from financing with debt service funded by support from various sources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Financial Statement Presentation

Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. The Organization did not have any net assets that were perpetual in nature as of June 30, 2024 and 2023.

New Accounting Policy

Effective July 1, 2023, the Organization adopted Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses Accounting Standards Codification (Topic 326).* This ASU introduces a “current expected credit loss” (“CECL”) model which requires all expected credit losses for financial instruments held at the reporting date to be based on historical experience, current conditions, and reasonable supportable forecasts. The CECL model replaces the existing incurred loss method and is applicable to the measurement of credit losses of financial assets, Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in ASC 326 were investment in sales-type leases. There was no material impact to the financial statements or footnotes upon adoption of this new accounting policy.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Received

The Organization accounts for contributions received, including grant revenue, in accordance with GAAP. Under GAAP, contributions and unconditional promises to give are required to be recognized as revenue in the period received at their fair value. If the contribution or grant revenue received has a right of return or release of funds and a barrier, then the amount is not included in revenue until the barriers have been overcome. All promises to give and gifts received were donated by other cooperative organizations of GIT. These amounts were restricted by the donors to be used for projects administered by the Organization.

Support From Affiliates – Rent

The Organization recognizes facility rental revenue as it accrues. Rental payments received in advance are deferred until earned.

Support From Affiliates – Other

The Organization recognizes revenue for payments received as gifts to support projects and as work is performed on special projects for related parties. For the year ended June 30, 2024, the Organization received or performed $744,540 for the replacement of the pool filtration system at the Campus Recreation Center (“CRC”), $652,361 for the swim & dive locker room refresh at the CRC, $2,254,625 for the replacement of the CRC pool lighting, $14,746,267 for TS3, $4,509,972 for the Student Athletic Performance Center (“SAPC”) and $731,028 as expense reimbursement. For the year ended June 30, 2023, the Organization received or performed $753,733 for Tech Square 3 (“TS3”) and $795,733 for SAPC and $771,321 as expense reimbursement.

Repair and Replacement Revenue

The Organization considers amounts received for major repairs and replacement to be a non-lease component. These amounts are recorded as deferred revenue when received. At the time a tenant improvement is made, the performance obligation has been satisfied by the Organization and revenue is recognized. As of June 30, 2024 and 2023, deferred revenue related to repair and replacement revenue (“R&R”) recorded within the Statements of Financial Position is $9,578,237 and $9,180,989, respectively. During the year ended June 30, 2024 and 2023, the Organization performed work related to R&R totaling $2,090,621 and $4,564,735, respectively, which is recorded within Support from Affiliates – Rent in the accompanying Statements of Activities and Changes in Net Assets.

Estimates and Assumptions

The Organization uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Capital Reserve Funds

Capital reserve funds relate to certain lease agreements which require the Organization to transfer specified amounts to a separate account which can be used only for specific purposes related to certain property leased by the Organization. Capital reserve funds on the Statements of Financial Position for the North Avenue Apartment Complex, the Molecular Science and Engineering building, the Electrical Substation, the Dalney Street Parking Deck and Office Building, and the Campus Center are included in deferred revenue until utilized for repairs and replacements.

Restricted Cash - Projects

Restricted cash - projects were identified as funds received from outside sources that are internally restricted. For the year ended June 30, 2024, the Organization held $85,467 for the CRC Pool Filtration project, $326,923 for the CRC Swim & Dive Locker Room Refresh project, $447,094 for the CRC Pool Lighting Replacement project, $1,400,000 for the CRC Pool Filtration Phase II project, $1,461,452 for the Student Athletic Performance project, $3,106,983 for Tech Square 3, $942,420 for the Scheller College of Business Roof project and $700,000 for the GT Drain Configuration project.

For the year ended June 30, 2023, the Organization held $830,007 for the CRC Pool Filtration project, $245,209 for Tech Square 3 and $4,315,479 for the Student Athletic Performance Center.

Restricted Cash – Bond Proceeds

Restricted cash - bond proceeds are identified as funds received from the issuance of bonds and are restricted for specific projects as stated in the related bond offering documents. Bond proceeds are required to be maintained in separate accounts held by a trustee. At June 30, 2024, these funds related to the Series 2024 – Tech Square 3 bonds and are to be used for the construction of the building as described in Note 6. At June 30, 2023, these funds relate to the Series 2019 – Campus Center bonds and are to be used for the construction of the building as described in Note 6.

Long-Lived Assets

Gifts associated with the construction of long-lived assets are reported as restricted support and are released as expenses are incurred. Buildings are depreciated on a straight-line basis over a useful life of 30 years or the lease term.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Issuance and Other Financing Costs

Bond issuance costs and the related discounts are amortized over the period the bonds are outstanding using the effective interest method. In addition, the Organization incurred $26,505,250 to terminate two swaption agreements as part of the related refinancing of two bonds payable during 2014. Amortization related to bond issuance costs and related discounts, including the swaption termination fee, is recorded within interest expense on the accompanying Statements of Activities and Changes in Net Assets and totaled $1,393,127 and $1,682,874 for the years ended June 30, 2024 and 2023, respectively. As further described in note 6, the Organization also recorded $6,025,961 within interest expense relating to the swaption agreement associated with the refunding of the 2014A bonds payable during 2024, which included the swaption termination fee.

Construction in Progress

The Organization records capitalized development costs for construction expenditures and capitalized interest related to uncompleted construction projects. As of June 30, 2024 and 2023, the construction expenditure amounts capitalized were $44,678,765 and $493,601, respectively.

Interest capitalized for the year ended June 30, 2024 totaled $1,058,975. There was no interest expense capitalized for the year ended June 30, 2023.

Fair Value of Financial Instruments

Cash and cash equivalents, restricted cash, receivables, and accounts payable are carried at amounts which approximate their fair value due to the short-term nature of these instruments. Bonds payable are carried at the amount owed, less the discount or plus the premium, which approximates fair value.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform with the 2024 financial statements.

Functional Allocation of Expenses

The Organization includes their expenses on a functional basis within the Statements of Activities and Changes in Net Assets. Program expenses consist mainly of interest expense on properties used in delivering program services. The Organization has minimal expenses that are allocated between program and general and administrative.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Status

The Organization has received a ruling from the Internal Revenue Service that it is exempt from Federal income tax under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. The Organization is no longer subject to tax examinations for tax years ending before June 30, 2021.

NOTE 3 – RISKS AND UNCERTAINTIES

The Organization is potentially subject to concentrations of credit risk in its cash and cash equivalents balances. Cash and cash equivalents are held on deposit at various banks, and are insured by the Federal Deposit Insurance Corporation ("FDIC") to a maximum of $250,000. The Organization at times have amounts on deposit in excess of the insured limits.

The Organization receives significant resources from GIT and related organizations pursuant to various agreements, including a memorandum of understanding between the Organization and GIT. An interruption of this support could cause substantial doubt in the Organization's ability to continue as an independent entity.

NOTE 4 – NON-INVESTMENT REAL ESTATE

The Organization's real estate at June 30, 2022 included the Habersham Building, which is located on the GIT campus. The building was placed into service in 1997. On September 20, 2022, the Organization granted this land and building to the Board of Regents ("BOR") and during 2023, recorded donation expense in the accompanying Statements of Activities and Changes in Net Assets totaling $598,381.

The Organization capitalized the Living Building @ Georgia Tech with the intent to depreciate it over the life of the lease (20 years). On March 15, 2023, the BOR coordinated the termination of the ground lease and rental agreements with the Organization, resulting in the transfer of the building to the BOR, consistent with the long-term plan for the asset.

The Organization's remaining real estate as of June 30, 2024 and 2023 consisted of land purchased in 2014, located at 150 North Avenue, in the amount of $2,760,178.

Depreciation expense for June 30, 2023 totaled $820,013. There was no depreciation expense for the year ended June 30, 2024.

NOTE 5 – LEASING ARRANGEMENTS

The Organization's Statements of Financial Position includes Investments in Sales-Type Leases based on the cost of construction. At the inception of the lease, the Organization records the minimum future lease payments receivable and the unearned lease income. Unearned interest income will be recognized as revenue over the life of the lease using the effective interest method which applies a constant rate of interest equal to the internal rate of return on the lease. The components of the net investment in sales-type leases as of June 30 are as follows:

2024	Minimum lease payment receivable	Less unearned income	Investment in sales-type leases
Family Housing and Klaus Parking	$ 27,850,000	$ (6,510,000)	$ 21,340,000
Molecular Science and Engineering Building	79,103,737	(27,773,805)	51,329,932
Electrical Substation and System	35,877,042	(7,006,270)	28,870,772
North Avenue Apartments Complex	33,798,757	1,497,933	35,296,690
Dalney Street Parking Deck and Office Building	53,139,707	(20,639,024)	32,500,683
Campus Center	172,591,249	(73,013,043)	99,578,206
	$ 402,360,492	$ (133,444,209)	$ 268,916,283

2023	Minimum lease payment receivable	Less unearned income	Investment in sales-type leases
Family Housing and Klaus Parking	$ 33,200,001	$ (7,945,000)	$ 25,255,001
Molecular Science and Engineering Building	87,686,500	(34,607,282)	53,079,218
Electrical Substation and System	38,109,678	(8,212,373)	29,897,305
North Avenue Apartments Complex	38,018,771	848,314	38,867,085
Dalney Street Parking Deck and Office Building	55,248,611	(22,045,540)	33,203,071
Campus Center	178,845,842	(77,449,206)	101,396,636
	$ 431,109,403	$ (149,411,087)	$ 281,698,316

Electrical Substation and System

During the year ended June 30, 2006, in accordance with the terms of the ground lease, the Organization made a payment of $6,200,000 representing payment for the entire term of the lease. The payment was initially recorded as a prepaid expense and will be recognized as an expense over the life of the ground lease. For the years ended June 30, 2024 and 2023, rental expense under this agreement was $193,750, and at June 30, 2024 and 2023, the related prepaid expense balance was $2,518,750 and $2,712,500, respectively.

NOTE 5 – LEASING ARRANGEMENTS (Continued)

The Living Building @ Georgia Tech

Pursuant to a ground lease dated December 22, 2016, the Board of Regents ("BOR") leased certain land on the GIT campus to the Organization for development and construction of The Living Building @ Georgia Tech. The primary term of the ground lease commenced upon issuance of a Certificate of Occupancy and extended through twenty (20) years from the completion of the building. The land, including the building, transferred to the BOR at the end of the lease term. On March 15, 2023, the BOR coordinated the termination of the ground lease and the building transferred to the BOR (Note 4).

On December 22, 2016, the Organization entered into a Rental Agreement with the BOR whereby the Organization agreed to lease The Living Building @ Georgia Tech to the BOR. The initial agreement term commenced upon issuance of a Certificate of Occupancy. A Certificate of Occupancy was issued on October 18, 2019. On March 15, 2023, the BOR terminated the rental agreement for this building and the unspent R&R funds were refunded to GIT (Note 4).

Dalney Street Parking Deck and Office Building

On March 28, 2018, the Organization entered into a Rental Agreement with the BOR whereby the Organization agreed to lease the Dalney Street Parking Deck and Office Building to the BOR. The initial agreement term commenced upon issuance of a Certificate of Occupancy. A Certificate of Occupancy was obtained and the lease term commenced on August 8, 2019 and the first rental payment was received in September 2019. The BOR has the option to annually renew the lease on a year-to-year basis, for thirty (30) consecutive years at an annual rate that is sufficient to enable the Organization to pay debt service on the Series 2018 Bonds, as described in Note 6.

Campus Center

On April 17, 2018, the Organization entered into a Rental Agreement with the BOR whereby the Organization agreed to lease the Campus Center to the BOR. The initial agreement term commenced upon issuance of a Certificate of Occupancy. A Certificate of Occupancy was obtained and the lease term commenced on August 7, 2020. The BOR has the option to annually renew the lease on a year-to-year basis, for thirty-one (31) consecutive years at an annual rate that is sufficient to enable the Organization to pay debt service on the Series 2019 Bonds, as described in Note 6.

NOTE 5 – LEASING ARRANGEMENTS (Continued)

Tech Square 3

On January 24, 2024, the Organization entered into a Rental Agreement with the BOR whereby the Organization agreed to lease the basement and first three levels of a building known as Tech Square 3 to be located at a site bound by Spring Street, West Peachtree Street, Biltmore Place and 5th Street. The initial agreement term commences upon issuance of a Certificate of Occupancy. A Certificate of Occupancy has not been issued at June 30, 2024 and the lease term has not commenced; therefore, the lease is not included in the investment in sales-type leases below. The BOR has the exclusive option to annually renew the lease on a year-to-year basis, for thirty (30) consecutive years at an annual rate that is sufficient to enable the Organization to pay debt service on the Series 2024 Bonds, as described in Note 6.

Future minimum net amounts receivable under sales-type leases at June 30 are as follows:

2025	$ 24,808,617
2026	23,972,115
2027	23,979,474
2028	23,989,447
2029	23,984,037
Thereafter	281,626,802
Gross investment in sales-type leases	$ 402,360,492

NOTE 6 – BONDS PAYABLE

	2024	2023
Taxable bonds payable at June 30 consists of the following:		
$19,015,000 Series 2014B - Molecular Science and Engineering Building bonds, payable in semi-annual installments until May 2036 with coupon rates between .71% and 4.73%. (b)	$ 12,125,000	$ 12,900,000
Tax-exempt bonds payable at June 30 consists of the following:		
$57,250,000 Series 2013 - Married Family Housing bonds, payable in semi-annual installments until November 2029 at coupon rates between 3.00% and 5.00%. (a)	24,620,000	28,760,000
$56,830,000 Series 2014A - Molecular Science and Engineering Building bonds, payable in semi-annual installments until May 2041 at coupon rates between 3.00% and 5.00%. (b)	-	46,465,000
$35,360,000 Series 2018 - Dalney Street Parking Deck and Office Building bonds, payable in semi-annual installments until June 2050 at coupon rates between 3.25% and 5.00%.	32,870,000	33,540,000
$96,655,000 Series 2019 - Campus Center bonds, payable in semi-annual installments until June 2052 at coupon rates between 4.00% and 5.00%.	94,055,000	95,680,000
$37,185,000 Series 2019A - North Avenue Apartment bonds, payable in semi-annual installments until June 2032 at a fixed coupon rate of 5.00%.	26,745,000	29,415,000
$28,485,000 Series 2019B - Electrical Substation bonds, payable in semi-annual installments until June 2040 at coupon rates between 3.00% and 5.00%.	24,225,000	25,215,000
$54,060,000 Series 2024 - Technology Square 3 bonds, payable in semi-annual installments until June 2056 at a fixed coupon rate of 5.00%.	54,060,000	-
$39,695,000 Series 2024A - Molecular Science and Engineering Building bonds, payable in semi-annual installments until June 2041 at a fixed coupon rate of 5.00%. (b)	39,695,000	-

NOTE 6 – BONDS PAYABLE (Continued)

Tax-exempt bonds total	296,270,000	259,075,000
Total bonds payable	308,395,000	271,975,000
Less unamortized discount and debt issuance costs	(6,431,534)	(13,143,360)
Plus unamortized bond issuance premium	33,911,568	26,008,835
Total bonds payable, net of discount, debt issuance costs and bond issuance premium	$ 335,875,034	$ 284,840,475

During the years ended June 30, 2024 and 2023, the Organization recorded amortization expense associated with the discount and debt issuance costs totaling $1,393,127 and $1,682,874, respectively. Amortization associated with the bond issuance premium totaled $2,887,135 and $2,790,652 for the years ended June 30, 2024 and 2023, respectively. The amortization expense is included within interest expense in the accompanying Statements of Activities and Changes in Net Assets.

The following represents the mandatory bond principal redemptions on the above bonds payable for the years ending June 30:

2025	$ 12,635,000
2026	12,400,000
2027	13,850,000
2028	14,510,000
2029	15,185,000
Thereafter	239,815,000
	$ 308,395,000

(a) Series 2013

In September 2013, the Organization issued $57,250,000 Series 2013 Refunding Revenue Bonds. The proceeds of the bonds were used to refund the Series 2003 fixed demand bonds and the related interest rate swaption (the “Married Family Housing project”) and to pay certain costs of the bonds issuance.

The Organization paid $10,073,250 to terminate an existing swaption agreement. The purpose of the payment was to exit the existing bonds payable and refinance the bonds with improved terms. The payment and the unamortized portion is included within the unamortized discount and debt issuance costs above and is being amortized over the term of the Series 2013 bonds payable.

NOTE 6 – BONDS PAYABLE (Continued)

(b) Series 2014 A & B, Series 2024A

In May 2014, the Organization issued $75,845,000 Series 2014 A & B Refunding Revenue Bonds. The proceeds of the bonds were used to refund the Series 2004 fixed demand bonds and the related interest rate swaption (the "Molecular Science and Engineering project") and to pay certain costs of the bonds issuance.

The Organization paid $16,432,000 to terminate an existing swaption agreement. The purpose of the payment was to exit the existing bonds payable and refinance the bonds with improved terms. The payment and the unamortized portion is included within the unamortized discount and debt issuance costs above and was being amortized over the term of the Series 2014 A & B bonds payable. In March 2024, the Organization issued $39,695,000 Series 2024A Refunding Revenue Bonds. The proceeds of the bonds were used to refund the Series 2014A fixed demand bonds and to pay certain costs of bonds issuance. The resulting net loss on refinancing due to the expense of a swap termination fee associated with the last refunding was $6,025,961, and is shown as interest expense in the accompanying Statements of Activities and Changes in Net Assets.

NOTE 7 – RELATED PARTIES

The Organization entered into a binding MOU with GIT, effective as of March 29, 2017, to confirm their respective responsibilities in connection with financing the design and renovation of the existing Student Center Building on the GIT campus. The Organization is responsible for the financing, design, and construction of the project, in an amount not to exceed $111,000,000. On May 16, 2017, the Organization signed a DMSA to proceed with the project under the conditions set forth in the MOU. Pursuant to the DMSA, the facilities division of GIT will provide project management services for the project. The Organization will assess a project management fee at three-quarters percent payable from the project fund. In March 2019, Series 2019 bonds for this project were issued for $96,655,000 (see Note 6).

The Organization entered into an annually renewable Master Project Management Services Agreement with GIT, effective as of July 26, 2017. Under this agreement, GIT will provide project management services for capital improvement projects at North Avenue Apartments ("NAA") being contracted by the Organization. The projects being performed under this agreement during the years ended June 30, 2024 and 2023, were (i) replacement of a boiler, (ii) replacement of the south masonry wall, (iii) replacement of the north masonry wall, (iv) renovation of the lower courtyard, (v) renovation of the upper plaza, (vi) replacement of the HVAC controls and (vii) replacement of the east masonry wall. GIT will fund these projects and funds are held in the capital reserve funds on the Statements of Financial Position. The Organization received $1,000,000 and $2,281,000 in fiscal years ended June 30, 2024 and 2023, respectively.

NOTE 7 – RELATED PARTIES (Continued)

On February 26, 2020, the Organization entered into an annually renewable Project Management Services Agreement (PMSA) with GIT in connection with certain maintenance, repairs and improvements at the Campus Recreation Center on the campus of GIT. The agreement was amended and restated on July 1, 2022. The agreement delegates certain authorities to GTFI and both parties agree to their duties and obligations. The projects being performed under this agreement during the years ended June 30, 2024 and 2023, were the replacement of the pool filtration system, the replacement of the pool lighting, replacement of the swim and dive locker room and phase two of the replacement of the pool filtration system.

On November 15, 2023, Georgia Tech Athletic Association ("GTAA") submitted a letter to the Organization to request oversight for the CRC Swim and Dive Locker Room Replacement project to be governed by the CRC PMSA. The project budget is $915,000 and is to be funded by GTAA philanthropy. The Organization received $915,000 for the fiscal year ended June 30, 2024.

On April 27, 2022, the Organization entered into a formal funding commitment with GTAA to fund the SAPC project. The project is not to exceed $82,000,000. The Organization received $5,000,000 for the fiscal year ended June 30, 2023.

On March 1, 2023, the Organization, GIT and GTAA entered into a Development Management Services Agreement in connection with the planning, design, financing and construction of renovation and improvements to the space known as the Student Athlete Performance Center. The project was previously authorized by the BOR on April 13, 2022, and on April 27, 2022, GTAA delegated certain authority to GTFI.

On May 25, 2022, the Organization and GIT entered into a Development Management Services Agreement in connection with the planning, design and construction of a multi-story mixed-use complex and improvements of the Tech Square 3 project located at the campus of GIT.

The Organization entered into a formal funding commitment with the Foundation effective June 27, 2023. The Organization will be providing financing and development services to GIT for the TS3 project. The Foundation has committed to provide funding not to exceed $76,900,000 in support of the design and construction work for the TS3 project. The Organization received $1,246,267 and $753,733 for the fiscal years ended June 30, 2024 and 2023, respectively.

On April 2, 2024, the Organization, BOR, GIT and GTF entered into a Development Agreement with each party agreeing to mutual promises and covenants related to the development, design, construction, funding and lease of the building to be located on 5th Street between West Peachtree Street and Spring Street in Atlanta, Georgia and commonly referred to as Tech Square 3.

The Organization entered into a formal funding commitment with GIT effective October 19, 2023. The Organization will be providing financing and development services to GIT for the TS3 project. GIT has committed to provide funding not to exceed $47,800,000 in support of the design and construction work for the TS3 project. The Organization received $13,500,000 for the fiscal year ended June 30, 2024.

NOTE 7 – RELATED PARTIES (Continued)

The Organization entered into a Project Management Service Agreement with GIT and GTF effective January 26, 2024. Under this agreement, GIT will provide certain support services to GTFI and GTF will provide funding in connection with certain maintenance, repairs and improvements at the Scheller College of Business. The agreement is in effect until the sooner of termination by mutual agreement of the parties or until final completion of the project. The Organization received $942,000 for the fiscal year ended June 30, 2024.

The Organization entered into a Project Management Service Agreement with GIT and GTF effective May 22, 2024. Under this agreement, GIT will provide certain support services to GTFI and GTF will provide funding in connection with certain maintenance, repairs and improvements at the Georgia Tech Hotel. The agreement is in effect until the sooner of termination by mutual agreement of the parties or until final completion of the project. The Organization received $700,000 for the fiscal year ended June 30, 2024.

On May 22, 2024, GTF submitted a letter to the Organization to request oversight for the CRC Pool Filtration Replacement, Phase Two, project to be governed by the CRC PMSA. The project budget is $1,400,000 and is to be funded by the CRC R&R reserve currently held by GTF. The Organization received $1,400,000 for the fiscal year ended June 30, 2024.

During the year ended June 30, 2024, the Organization donated $300,587 for the south masonry wall at NAA, $98,190 for the renovation of the upper plaza at NAA, $338,972 for the replacement of the HVAC controls at NAA, $860,205 for the replacement of the east masonry wall at NAA, $394,966 for the Azoulay lab at the Molecular Science and Engineering (MSE) building, $97,701 for the Abramsom lab at the MSE building, $744,540 for the replacement of the pool filtration system at the CRC, $652,361 for the swim & dive locker room refresh, $2,254,625 for the replacement of the CRC pool lighting, $7,549,744 for the Campus Center and $4,509,972 for the SAPC. These are included as donation expense in the accompanying Statements of Activities and Changes in Net Assets.

During the year ended June 30, 2023, the Organization donated $328,866 for the boiler replacement at NAA, $557,643 for the south masonry wall replacement at NAA, $331,750 for the north masonry wall replacement at NAA, $485,789 for the renovation of lower courtyard at NAA, $394,878 for the renovation of the upper plaza at NAA, $293,963 for the NAA East Building roof replacement, $122,176 for the NAA West Building roof replacement, $651,471 for the HVAC controls at NAA, $556,067 for the Azoulay lab at the MSE building, $272,879 for the Abramsom lab at the MSE building, $72,687 for the replacement of the pool filtration system at the CRC, $3,824,969 for the Campus Center, $20,482,117 for the Living Building, $598,381 for the Habersham Building and $795,733 for the SAPC. These are included as donation expense in the accompanying Statements of Activities and Changes in Net Assets.

For the years ended June 30, 2024 and 2023 the Organization charged management fees of $265,203 and $212,453, respectively, related to certain of the aforementioned projects.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions contain donor-imposed restrictions that permit the Organization to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the Organization. There were no net assets with donor restrictions as of June 30, 2024 and 2023.

Net assets released from donor restriction during 2023, by incurring expenses satisfying the purpose specified by donors totaled $202,691, related to the construction of an education and research facility.

NOTE 9 – LIQUIDITY AND AVAILABILITY

For purposes of analyzing resources available to meet general expenditures for fiscal years 2024 and 2023, the Organization considers cash and cash equivalents and lease receivables that will be collected and available in the following fiscal year for activities that are ongoing and major to the Organization. Financial assets available for general expenditures, within one year are as follows at June 30:

	2024	2023
Cash and cash equivalents	$ 10,720,104	$ 13,178,085
Restricted cash and capital reserve funds	57,498,021	20,886,309
Due from related parties	145,137	-
Investment in sales-type leases	268,916,283	281,698,316
Financial assets at June 30	337,279,545	315,762,710
Less financial assets not available for expenditures within one year:		
Restricted cash and capital reserve funds	(49,027,682)	(15,495,614)
Restricted cash for project funds	(8,470,339)	(5,390,695)
Investment in sales-type leases - noncurrent	(255,478,999)	(268,916,280)
	(312,977,020)	(289,802,589)
Financial assets available to meet cash needs for general expenditures within one year	$ 24,302,525	$ 25,960,121

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The anticipated amount to be spent in fiscal year 2025 is approximately $25,500,000.

NOTE 10 – FINANCIAL INFORMATION FOR 2023

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

NOTE 11 – SUBSEQUENT EVENTS

Pursuant to a ground lease dated August 6, 2024, the BOR leased certain land to the Organization for development and construction of the new Curran Street Residence Hall. The primary term of the ground lease commences upon issuance of the Certificate of Occupancy and extends through thirty (30) years from the completion of the building. The land, including the building, transfers to the BOR at the end of the lease term.

On August 6, 2024, the Organization entered into a Rental Agreement with the BOR whereby the Organization agreed to lease the Curran Street Residence Hall to the BOR. The initial agreement term commences upon issuance of a Certificate of Occupancy, which is expected in Spring 2026.

On August 6, 2024, the Organization issued Series 2024 Revenue Bonds in the amount of $102,320,000 for the purpose of financing the construction of the new Curran Street Residence Hall.

The following represents the future mandatory bond principal redemptions on the Series 2024 Revenue Bonds until maturity in June 2056 for the years ending June 30:

2025	$ -
2026	-
2027	1,620,000
2028	1,700,000
2029	1,785,000
Thereafter	97,215,000
	$ 102,320,000

Management has evaluated subsequent events through August 26, 2024, the date the financial statements were issued.