

GEORGIA TECH FACILITIES, INC.

FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

with
INDEPENDENT AUDITORS' REPORT

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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 statement of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, and cash flows for the years 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, 2025 and 2024, and the results of their operations and cash flows for the years 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.

Smith and Howard

Atlanta, GA
August 21, 2025

GEORGIA TECH FACILITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents (Note 2 and 3)	\$ 11,723,919	\$ 10,720,104
Capital reserve funds (Note 2 and 3)	13,206,611	11,099,881
Restricted cash - projects (Note 2 and 3)	15,849,580	8,470,339
Restricted cash - bond proceeds (Note 2 and 3)	89,661,118	37,927,801
Due from related parties (Note 7)	-	145,137
Investment in sales-type leases (Note 5)	255,478,998	268,916,283
Non-investment real estate, net (Note 4)	2,760,178	2,760,178
Prepaid ground lease (Note 5)	2,325,000	2,518,750
Prepaid expense	127,170	101,654
Construction in progress (Note 2)	181,883,215	45,737,740
Total Assets	<u>\$ 573,015,789</u>	<u>\$ 388,397,867</u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts and contract retainage payable	\$ 21,742,752	\$ 11,332,003
Accrued bond interest	1,367,422	1,450,480
Bonds payable, net - current portion (Note 6)	14,950,665	14,848,138
Bonds payable, net - noncurrent (Note 6)	416,666,134	321,026,896
Deferred revenue - rent	1,262,844	1,262,308
Deferred revenue - special projects	5,142,294	5,098,815
Deferred revenue - R&R (Note 2)	11,684,967	9,578,237
Total Liabilities	<u>472,817,078</u>	<u>364,596,877</u>
Net Assets		
Without donor restrictions	100,198,711	23,800,990
Total Net Assets	<u>100,198,711</u>	<u>23,800,990</u>
Total Liabilities and Net Assets	<u>\$ 573,015,789</u>	<u>\$ 388,397,867</u>

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

GEORGIA TECH FACILITIES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
	<u>Total</u>	<u>Total</u>
Revenues:		
Support from affiliates - rent (Note 2)	\$ 11,588,829	\$ 14,246,136
Support from affiliates - other	71,406,648	23,638,793
Interest income	5,545,116	1,828,124
Management fees (Note 7)	156,497	265,203
Other revenue	47,617	-
Total Revenues	<u>88,744,707</u>	<u>39,978,256</u>
Program expense:		
Interest expense (Note 2)	9,102,698	16,276,311
Broker fees	61,206	500
Trustee fees	11,075	10,989
Rent - ground lease, electrical substation (Note 5)	193,750	193,750
Insurance and bonding	881,287	830,139
Donation expense (Note 7)	1,694,326	17,801,863
Miscellaneous fees	65,130	56,414
Total Program Expense	<u>12,009,472</u>	<u>35,169,966</u>
General and administrative expense:		
Supplies and materials	22,076	21,190
Insurance and bonding	35,091	24,776
Reimbursed administrative costs and salaries - Georgia Tech	190,054	201,154
Professional fees	90,293	113,263
Total General and Administrative Expense	<u>337,514</u>	<u>360,383</u>
Total Expenses	<u>12,346,986</u>	<u>35,530,349</u>
Increase in net assets	76,397,721	4,447,907
Net assets, beginning of year	<u>23,800,990</u>	<u>19,353,083</u>
Net assets, end of year	<u>\$ 100,198,711</u>	<u>\$ 23,800,990</u>

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

GEORGIA TECH FACILITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Increase in net assets	\$ 76,397,721	\$ 4,447,907
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Amortization of bond issuance and other financing costs and discount	989,980	7,419,088
Amortization of bond premium costs	(3,581,609)	(2,887,135)
Non-cash donation expense	1,694,326	15,681,563
Changes in operating assets and liabilities:		
Due from related parties	145,137	(145,137)
Investment in sales-type leases	13,437,285	12,782,033
Prepaid ground lease	193,750	193,750
Prepaid expense	(25,516)	(2,168,188)
Accrued bond interest	(83,058)	100,190
Accounts and contract retainage payable	(7,126,000)	8,197,377
Deferred revenue - rent	536	(22,961)
Deferred revenue - special projects	43,479	45,636
Deferred revenue - repairs & replacement	2,106,730	397,248
Net Cash Provided by Operating Activities	<u>84,192,761</u>	<u>44,041,371</u>
Cash Flows from Investing Activities:		
Additions to capitalized development costs, net	<u>(120,303,052)</u>	<u>(58,590,246)</u>
Net Cash Required by Investing Activities	<u>(120,303,052)</u>	<u>(58,590,246)</u>
Cash Flows from Financing Activities:		
Repayments of bonds payable	(12,635,000)	(10,870,000)
Proceeds from bonds payable, net	<u>110,968,394</u>	<u>59,572,606</u>
Net Cash Provided by Financing Activities	<u>98,333,394</u>	<u>48,702,606</u>
Net Increase in Cash and Cash Equivalents, Capital Reserve Funds, and Restricted Cash	62,223,103	34,153,731
Cash and Cash Equivalents, Capital Reserve Funds, and Restricted Cash, Beginning of Year	<u>68,218,125</u>	<u>34,064,394</u>
Cash and Cash Equivalents, Capital Reserve Funds, and Restricted Cash, End of Year	<u>\$ 130,441,228</u>	<u>\$ 68,218,125</u>

(Continued)

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

GEORGIA TECH FACILITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

(Continued)

Reconciliation of Cash and Cash Equivalents to the

Statement of Financial Position:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 11,723,919	\$ 10,720,104
Capital reserve funds	13,206,611	11,099,881
Restricted cash - projects	15,849,580	8,470,339
Restricted cash - bond proceeds	89,661,118	37,927,801
	<u>\$ 130,441,228</u>	<u>\$ 68,218,125</u>

Supplemental Disclosures of Cash Flow Information

Cash paid during the year for interest	<u>\$ 11,777,385</u>	<u>\$ 11,644,168</u>
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Non Cash Operating and Investing Activity

For the years ended June 30, 2025 and 2024, cash flows from investing activities do not include purchases and capitalized interest of \$28,845,591 and \$11,125,284, respectively, 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.

**GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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, 2025 and 2024.

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.

**GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support From Affiliates – Rent

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

Support From Affiliate – Other

The Organization recognizes revenue for payments received as gifts to support projects and as work is performed for special projects owned by related parties. Revenue recognized to support projects for the years ended June 30 was as follows:

	<u>2025</u>	<u>2024</u>
Swim & Dive Locker Room Refresh at Campus Recreation Center ("CRC")	\$ 123,816	\$ 652,361
Pool Lighting Replacement at CRC	1,644	2,254,625
Pool Filtration System Replacement at CRC	1,107,243	744,540
Athletic Rehabilitation Center at CRC	36,877	-
Technology Square 3 ("TS3")	69,297,303	14,746,267
Student Athletic Performance Center	23,658	4,509,972
Georgia Tech Restaurant Drain Reconfiguration	19,949	-
Expense Reimbursement	796,158	731,028
	<u>\$ 71,406,648</u>	<u>\$ 23,638,793</u>

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, 2025 and 2024, deferred revenue related to repair and replacement revenue ("R&R") recorded within the Statement of Financial Position is \$11,684,967 and \$9,578,237, respectively. During the year ended June 30, 2025 and 2024, the Organization performed work related to R&R totaling \$381,139 and \$2,090,621, respectively, which is recorded within Support from Affiliates – Rent in the accompanying Statement 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.

Cash and Cash Equivalents

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

**GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Statement 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 years ended June 30, 2025 and 2024, restricted cash – projects were as follows:

	<u>2025</u>	<u>2024</u>
Swim & Dive Locker Room Refresh at CRC	\$ -	\$ 326,923
Pool Lighting Replacement at CRC	-	447,094
Pool Filtration System Replacement at CRC	-	1,485,467
Athletic Rehabilitation Center at CRC	2,063,123	-
TS3	10,726,192	3,106,983
Student Athletic Performance Center	1,437,793	1,461,452
Georgia Tech Restaurant Drain Reconfiguration	680,052	700,000
Scheller College of Business Roof	942,420	942,420
	<u>\$ 15,849,580</u>	<u>\$ 8,470,339</u>

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. At June 30, 2025, these funds related to the Series 2024 – Tech Square 3 bonds and the Series 2024 – Curran Street Residential Hall bonds to be used for the construction of the respective building, both described in Note 6. At June 30, 2024, these funds are related to the Series 2024 – Tech Square 3 bonds and are to be used for the construction of that building.

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.

**GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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, during the year ended June 30, 2024, 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 swaption termination fee, is recorded within interest expense on the accompanying Statement of Activities and Changes in Net Assets and totaled \$989,980 and \$1,393,127 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, the development costs capitalized were \$174,780,377 and \$44,678,765, respectively. Interest expense capitalized for the years ended June 30, 2025 and 2024 was \$7,102,838 and \$1,058,675, respectively.

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 2024 financial statements have been reclassified to conform with the 2025 financial statements.

Functional Allocation of Expenses

The Organization includes their expenses on a functional basis within the Statement 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.

GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

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, 2022.

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 as of June 30, 2025 and 2024 consisted of land purchased in 2014, located at 150 North Avenue in the amount of \$2,760,178.

NOTE 5 – LEASING ARRANGEMENTS

The Organization's Statement 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.

**GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 5 – LEASING ARRANGEMENTS (Continued)

The components of the net investment in sales-type leases as of June 30 are as follows:

	Minimum lease payment receivable	Less unearned income	Investment in sales-type leases
<u>2025</u>			
Family Housing and Klaus Parking	\$ 22,500,000	\$ (5,275,000)	\$ 17,225,000
Molecular Science and Engineering Building	74,457,405	(24,981,154)	49,476,251
Electrical Substation and System	33,647,490	(5,874,236)	27,773,254
North Avenue Apartments Complex	29,580,655	1,978,257	31,558,912
Dalney Street Parking Deck and Office Building	51,030,670	(19,263,149)	31,767,521
Campus Center	166,335,655	(68,657,595)	97,678,060
	<u>\$ 377,551,875</u>	<u>\$ (122,072,877)</u>	<u>\$ 255,478,998</u>
	Minimum lease payment receivable	Less unearned income	Investment in sales-type leases
<u>2024</u>			
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
	<u>\$ 402,360,492</u>	<u>\$ (133,444,209)</u>	<u>\$ 268,916,283</u>

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, 2025 and 2024, rental expense under this agreement was \$193,750, and at June 30, 2025 and 2024, the related prepaid expense balance was \$2,325,000 and \$2,518,750, respectively.

GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 – LEASING ARRANGEMENTS (Continued)

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 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 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.

Tech Square 3

Pursuant to a lease dated January 24, 2024, the BOR agreed to lease the basement and first three levels of a building to be known as Tech Square 3 to be located at a site bound by Spring Street, West Peachtree Street, Biltmore Place and 5th Street to the Organization. The primary term of the lease commences upon issuance of a Certificate of Occupancy and expires on June 30, 2056. GTFI has the right to extend the term of the lease for five (5) consecutive years of one (1) year each.

On January 24, 2024, the Organization entered into a separate 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, 2025 and the lease term has not commenced. 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.

Molecular Science and Engineering Building

On March 13, 2024, GTFI and the BOR entered into an agreement to amend and restate the rental agreement for the MSE building to reflect new rental amounts due to the refunding of the bonds associated with this project.

**GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 5 – LEASING ARRANGEMENTS (Continued)

Curran Street Residence Hall

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 separate 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. A Certificate of Occupancy has not been issued as of June 30, 2025 and the lease term has not commenced; therefore, the lease is not included in the investment in sales-type leases. 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:

2026	\$ 23,972,115
2027	23,979,474
2028	23,989,447
2029	23,984,037
2030	24,001,244
Thereafter	<u>257,625,558</u>
Gross investment in sales-type leases	377,551,875
Less unearned interest income	<u>(122,072,877)</u>
Net investment in sales-type leases	<u>\$ 255,478,998</u>

**GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 – BONDS PAYABLE

	<u>2025</u>	<u>2024</u>
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)	\$ 11,315,000	\$ 12,125,000
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)	20,265,000	24,620,000
\$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%.	32,170,000	32,870,000
\$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%.	92,350,000	94,055,000
\$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%.	23,945,000	26,745,000
\$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%.	23,190,000	24,225,000
\$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	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)	38,465,000	39,695,000

(Continued)

**GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 – BONDS PAYABLE (Continued)

\$102,320,000 Series 2024 - Curran Street bonds, payable in semi-annual installments until June 2056 at coupon rates of 5.00% and 5.25%.	<u>102,320,000</u>	<u>-</u>
Tax-exempt bonds total	<u>386,765,000</u>	<u>296,270,000</u>
Total bonds payable	<u>398,080,000</u>	<u>308,395,000</u>
Less unamortized discount and debt issuance costs	<u>(6,783,132)</u>	<u>(6,431,534)</u>
Plus unamortized bond issuance premium	<u>40,319,931</u>	<u>33,911,568</u>
Total bonds payable, net of discount, debt issuance costs and bond issuance premium	<u>\$ 431,616,799</u>	<u>\$ 335,875,034</u>

During the years ended June 30, 2025 and 2024, the Organization recorded amortization expense associated with the discount and debt issuance costs totaling \$989,980 and \$1,393,127, respectively. Amortization associated with the bond issuance premium totaled \$3,581,609 and \$2,887,135 for the years ended June 30, 2025 and 2024, respectively. The amortization expense is included within interest expense in the accompanying Statement 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:

2026	\$ 12,400,000
2027	15,390,000
2028	16,130,000
2029	16,885,000
2030	17,710,000
Thereafter	<u>319,565,000</u>
	<u>\$ 398,080,000</u>

(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.

GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 – BONDS PAYABLE (Continued)

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

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 is 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 Development Management Services Agreement (“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, 2025 and 2024, were (i) replacement of a boiler, (ii) replacement of the south masonry wall, (iii) renovation of the upper plaza, (iv) replacement of the HVAC controls and (v) replacement of the east masonry wall. GIT will fund these projects and funds are held in the capital reserve funds on the Statement of Financial Position. The Organization received \$1,000,000 for each of the fiscal years ended June 30, 2025 and 2024, respectively.

On February 26, 2020, the Organization entered into a 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 and has been renewed through June 30, 2026. The projects being performed under this agreement during the years ended June 30, 2025 and 2024, were the replacement of the pool filtration system, the replacement of the pool lighting, the refresh of the swim and dive locker room, phase two of the replacement of the pool filtration system and the renovation of the athletic training center.

GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 – RELATED PARTIES (Continued)

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 March 1, 2023, the Organization, GIT and GTAA entered into a DMSA 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 DMSA in connection with the planning, design and construction of a multi-story mixed use complex and improvements of the TS3 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 \$39,297,303 and \$1,246,267 for the fiscal years ended June 30, 2025 and 2024, respectively.

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 \$30,000,000 and \$13,500,000 for the fiscal years ended June 30, 2025 and 2024.

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 TS3.

The Organization entered into a PMSA 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 PMSA 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 GT 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.

**GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 – RELATED PARTIES (Continued)

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 years ended June 30, 2025 and 2024, the Organization included the following as donation expense in the accompanying Statement of Activities and Changes in Net Assets:

	<u>2025</u>	<u>2024</u>
Replacement of HVAC Controls at NAA	\$ 2,363	\$ 338,972
South Masonry Wall at NAA	-	300,587
East Masonry Wall at NAA	-	860,205
Upper Plaza Renovation at NAA	-	98,190
Azoulay Lab		
at Molecular Science and Engineering Building ("MSE")	78,106	394,966
Abramson Lab at MSE	6,360	97,701
Lab Controls Upgrade at MSE	294,310	-
Campus Center	-	7,549,744
Swim & Dive Locker Room Refresh at CRC	128,817	652,361
Pool Lighting Replacement at CRC	1,644	2,254,625
Pool Filtration System Replacement at CRC	1,102,243	744,540
Athletic Rehabilitation Center at CRC	36,877	-
Student Athletic Performance Center	23,658	4,509,972
Georgia Tech Restaurant Drain Reconfiguration	19,948	-
	<u><u>\$ 1,694,326</u></u>	<u><u>\$ 17,801,863</u></u>

For the years ended June 30, 2025 and 2024 the Organization charged management fees of \$156,497 and \$265,203, 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 assets with donor restrictions for the years ending June 30, 2025 and 2024.

GEORGIA TECH FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 – LIQUIDITY AND AVAILABILITY

For purposes of analyzing resources available to meet general expenditures for fiscal years 2025 and 2024, 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. The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Financial assets available for general expenditures, within one year are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 11,723,919	\$ 10,720,104
Restricted Cash and Capital Reserve Funds	118,717,309	57,498,021
Due from Related Parties	-	145,137
Investment in sales-type leases	<u>255,478,998</u>	<u>268,916,283</u>
Financial assets at June 30	<u>385,920,226</u>	<u>337,279,545</u>
Less financial assets not available for expenditures within one year:		
Restricted Cash and Capital Reserve Funds	(118,717,309)	(57,498,021)
Investment in sales-type leases - Noncurrent	<u>(242,166,393)</u>	<u>(255,478,999)</u>
	<u>(360,883,702)</u>	<u>(312,977,020)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 25,036,524</u>	<u>\$ 24,302,525</u>

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 21, 2025, the date the financial statements were issued.