UGA REAL ESTATE FOUNDATION, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2016 and 2015

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

UGA REAL ESTATE FOUNDATION, INC.

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To Board of Trustees
UGA Real Estate Foundation, Inc.
Athens, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the UGA Real Estate Foundation, Inc. (the "Real Estate Foundation"), a discretely presented component unit of the University of Georgia Research Foundation, Inc., as of June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Real Estate Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the UGA Real Estate Foundation, Inc. as of June 30, 2016 and 2015, and the changes in its net position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cherry Bekaert LLP

Augusta, Georgia
September 20, 2016

Introduction

The UGA Real Estate Foundation, Inc. (the "Real Estate Foundation") was incorporated under the laws of the State of Georgia as a nonprofit corporation in 1999 and qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Real Estate Foundation was incorporated for the purpose of managing and improving various real estate assets for the benefit of the University of Georgia (the "University"), governed by the Board of Regents of the University System of Georgia (the "Board of Regents"). The Real Estate Foundation may also provide support to the Board of Regents and colleges and universities of the University System of Georgia. The Real Estate Foundation has created multiple limited liability companies of which it is the sole member. These entities are set up in order to construct, finance, own, and lease real estate projects. Therefore, the Real Estate Foundation and all its limited liability companies are shown using a blended presentation; that is, the activity of the Real Estate Foundation and all its limited liability companies is shown in the same column. See Note 13 for a listing of all component units and condensed component unit financial information.

Complete financial statements of each of the blended component units may be obtained at the following address: UGA Real Estate Foundation, Inc., c/o University Business and Accounting Services, 324 Business Services Building, 456 E. Broad Street, Athens, GA 30602.

The Real Estate Foundation's sole member is the University of Georgia Research Foundation, Inc. (the "Research Foundation").

The Research Foundation was incorporated under the laws of the State of Georgia as a nonprofit corporation in 1978 and qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. The Research Foundation is organized to fulfill broad scientific, literary, educational, and charitable purposes and operates to enhance the three-pronged mission of the University of teaching, research, and public service. The Research Foundation contributes heavily to the research function of the University by securing research contracts, grants, and awards from individuals, institutions, private organizations, and government agencies for the performance of sponsored research, development, education, or other programs in the various University colleges, schools, departments, and other units.

Description of the Financial Statements

The Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows are designed to provide information that will assist in understanding the financial condition and performance of the Real Estate Foundation. The Real Estate Foundation's net position is one indicator of the Real Estate Foundation's financial health. Over time, increases or decreases in net position are one indicator of the changes in the Real Estate Foundation's financial condition when considered with other non-financial facts.

The *Statements of Net Position* present financial information on all of the Real Estate Foundation's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position.

The *Statements of Revenues, Expenses, and Changes in Net Position* present the revenues earned and the expenses incurred during the years presented. Activities are reported as either operating or non-operating. The financial reporting model classifies investment earnings and changes in the fair value of investments as non-operating revenues. As a result, the financial statements may show operating losses that are then offset by non-operating revenues from a total financial perspective.

The *Statements of Cash Flows* present information in the form of cash inflows and outflows, summarized by operating, capital and noncapital financing, and investing activities.

Financial Highlights

Condensed financial statements are presented for the year ended June 30, 2016, and two prior years. In the following discussion, Fiscal 2016, Fiscal 2015, and Fiscal 2014 refer to the years ended June 30, 2016, June 30, 2015, and June 30, 2014, respectively.

The Condensed Statements of Net Position for Fiscal 2016 and 2015 are shown below:

	2016	2015	Change
Assets			
Current assets	$ 24,242,310	$ 38,177,665	$ (13,935,355)
Capital assets	19,519,439	19,635,092	(115,653)
Other noncurrent assets	285,758,321	292,718,218	(6,959,897)
Total Assets	329,520,070	350,530,975	(21,010,905)
Deferred Outflows of Resources			
Deferred loss on refundings	12,908,125	5,896,212	7,011,913
Liabilities			
Current liabilities	12,248,899	25,835,375	(13,586,476)
Noncurrent liabilities	288,660,411	291,291,869	(2,631,458)
Total Liabilities	300,909,310	317,127,244	(16,217,934)
Net Position			
Net investment in capital assets	11,003,217	11,118,870	(115,653)
Restricted			
Future repairs and replacements of real property	1,717,920	1,376,886	341,034
Unrestricted	28,797,748	26,804,187	1,993,561
Total Net Position	$ 41,518,885	$ 39,299,943	$ 2,218,942

Analysis of the Condensed Statements of Net Position June 30, 2016 and 2015:

Current assets decreased by $13,935,355 from Fiscal 2015 to Fiscal 2016, due primarily to a decrease in receivables owed by the University of Georgia Foundation ("UGAF") for the Terry Entity project, cash outflows for the purchase of investments, and reduced cash inflows from the O'Malley's Entity following the transfer of its title to real property to the University in Fiscal 2016. These decreases are offset by cash inflows from net project activity, and increases in short-term capital leases receivable in accordance with the amortization schedules.

Capital assets include land, construction in progress, an easement, and buildings, improvements, and furniture and fixtures, (net of applicable depreciation). The decrease of $115,653 from Fiscal 2015 to Fiscal 2016 is due to amortization of depreciable capital assets.

Other noncurrent assets primarily include restricted bond proceeds, trustee held funds, and capital leases receivable. The $6,959,897 decrease in noncurrent assets is primarily attributable to the O'Malley's Entity's capital lease termination following the transfer of its title to real property to the University, and principal reduction due in accordance with the amortization schedules offset by an increase in investments.

Deferred outflows of resources include deferred loss on refundings that result from the advanced refunding of bond series. Deferred outflows of resources increased $7,011,913 from Fiscal 2015 to Fiscal 2016 due to the loss on refunding of the 2008 Central Precinct Entity Bonds offset by normal deferred loss amortization.

Current liabilities decreased $13,586,476 from Fiscal 2015 to Fiscal 2016, due to the transfer of the revolving credit agreement balance to noncurrent liabilities, partial repayment of the revolving credit agreement, decrease in payables for the Terry Entity project, and reduction of the current portion of bond principal due to the early debt extinguishment of the O'Malley's Entity's bonds. These reductions are offset by an increase in short-term bond principal in accordance with the amortization schedules.

Noncurrent liabilities decreased by $2,631,458. This decrease is largely due to the annual payments of principal on noncurrent debt, and the early extinguishment of the O'Malley's Entity's bonds. These decreases are offset by the transfer of the revolving credit agreement balance from current liabilities, and an increase in the Central Precinct Entity's bond debt plus premiums due to the issuance of the 2016 Central Precinct Entity Bonds.

Net position represents the difference between the Real Estate Foundation's assets, liabilities, and deferred inflows/outflows of resources. Total net position at June 30, 2016 and 2015, was $41,518,885 and $39,299,943, respectively, which represents a 5.65% change between the years.

The Condensed Statements of Net Position for Fiscal 2015 and 2014 are shown below:

	2015	2014	Change
Assets			
Current assets	$ 38,177,665	$ 33,565,045	$ 4,612,620
Capital assets	19,635,092	42,651,110	(23,016,018)
Other noncurrent assets	292,718,218	284,874,649	7,843,569
Total Assets	350,530,975	361,090,804	(10,559,829)
Deferred Outflows of Resources			
Deferred loss on refundings	5,896,212	6,331,998	(435,786)
Liabilities			
Current liabilities	25,835,375	22,545,942	3,289,433
Noncurrent liabilities	291,291,869	308,849,454	(17,557,585)
Total Liabilities	317,127,244	331,395,396	(14,268,152)
Net Position			
Net investment in capital assets	11,118,870	11,269,157	(150,287)
Restricted			
Future repairs and replacements of real property	1,376,886	1,291,745	85,141
Unrestricted	26,804,187	23,466,504	3,337,683
Total Net Position	$ 39,299,943	$ 36,027,406	$ 3,272,537

Analysis of the Condensed Statements of Net Position June 30, 2015 and 2014:

Current assets increased by $4,612,620 from Fiscal 2014 to Fiscal 2015, due primarily to an increase in receivables owed by UGAF for the Terry Entity project, cash inflows from net project activity, increased cash inflows and current capital lease receivable from the inception of the Bolton Entity capital lease due to the completion of the project in August 2014. These increases are offset by payment of the Terry Entity project obligations, reduced cash inflows from the Cortona Foundation following the rent reduction after the retirement of its debt in Fiscal 2014, and reduced cash inflows from the Carlton Entity following the transfer of their real property to the University in Fiscal 2014.

Capital assets include land, construction in progress, an easement, and buildings, improvements, and furniture and fixtures, (net of applicable depreciation). The decrease of $23,016,018 from Fiscal 2014 to Fiscal 2015 is primarily attributable to a decrease in the Bolton Entity's construction in progress when its capital assets where transferred to the University under a capital lease agreement.

Other noncurrent assets primarily include restricted bond proceeds, trustee held funds, and capital leases receivable. The $7,843,569 increase in noncurrent assets is primarily attributable to a net increase in capital leases receivable recorded as a result of the inception of the Bolton Entity's capital lease offset by a reduction in bond proceeds used by the Bolton Entity for construction costs and principal reduction due in accordance with the amortization schedules.

Analysis of the Condensed Statements of Net Position June 30, 2015 and 2014 (continued):

Deferred outflows of resources include deferred loss on refundings that result from the advanced refunding of bond series. Deferred outflows of resources decreased $435,786 from Fiscal 2014 to Fiscal 2015 due to normal amortization of the deferred loss.

Current liabilities increased $3,289,433 from Fiscal 2014 to Fiscal 2015, due to the timing of the renewal on the revolving credit agreement offset by a decrease in the current portion of bond principal due in accordance with the amortization schedules, decrease in payables for the Terry Entity project, and decrease in the accrued project costs on the Bolton Entity project given the completion of the project in Fiscal 2015.

Noncurrent liabilities decreased by $17,557,585. This decrease is largely due to the annual payments of principal on noncurrent debt and the transfer of the revolving credit agreement balance to current liabilities.

Net position represents the difference between the Real Estate Foundation's assets, liabilities, and deferred inflows/outflows of resources. Total net position at June 30, 2015 and 2014, was $39,299,943 and $36,027,406, respectively, which represents a 9.1% change between the years.

The Condensed Statements of Revenues, Expenses, and Changes in Net Position for Fiscal 2016 and 2015 are shown below:

	2016	2015	Change
Operating Revenues			
Rental income	$ 3,838,529	$ 3,069,278	$ 769,251
Capital lease interest income	17,050,125	17,953,416	(903,291)
Total Operating Revenues	20,888,654	21,022,694	(134,040)
Operating Expenses			
General and administrative expenses	759,797	762,505	(2,708)
Project expenses	3,657,679	3,179,722	477,957
Total Operating Expenses	4,417,476	3,942,227	475,249
Operating income	16,471,178	17,080,467	(609,289)
Non-operating revenues (expenses)	(14,252,236)	(13,807,930)	(444,306)
Increase in Net Position	**2,218,942**	**3,272,537**	**(1,053,595)**
Net position - beginning of year	39,299,943	36,027,406	3,272,537
Net position - end of year	$ 41,518,885	$ 39,299,943	$ 2,218,942

Analysis of the Condensed Statements of Revenues, Expenses, and Changes in Net Position Years ended June 30, 2016 and 2015:

Operating revenues consist primarily of interest earned on capital leases and rental income. Non-operating revenues and expenses include investment income, interest expense (net), net increases (decreases) in the fair market value of investments, and other non-operating income and expenses.

Operating revenues decreased by $134,040 from Fiscal 2015 to Fiscal 2016, primarily due to reduced revenues in Fiscal 2016 after the lease agreement for the O'Malley's Entity was terminated following the transfer of its title to real property to the University in Fiscal 2016, and reduced income attributed to annual amortization of lease interest income on the capital leases. These reductions were offset by the increased rents on the One Live Oak Center per the terms of its lease restructuring.

Operating expenses increased by $475,249, due primarily to an increase in repair and replacement expenditures during Fiscal 2016 for the Cortona Foundation and EC Housing Entity.

Non-operating expenses increased by $444,306 from Fiscal 2015 to Fiscal 2016, primarily due to the O'Malley's Entity's net loss on the disposition of assets and liabilities in Fiscal 2016, and cost of issuance expense on the advanced refunding of the 2008 Central Precinct Entity Bonds. These increases are offset by reduced interest expense related to annual bond amortization, decreased interest expense related to the O'Malley's Entity's debt extinguishment, and increased investment income.

The Condensed Statements of Revenues, Expenses, and Changes in Net Position for Fiscal 2015 and 2014 are shown below:

	2015	2014	Change
Operating Revenues			
Rental income	$ 3,069,278	$ 4,301,329	$ (1,232,051)
Capital lease interest income	17,953,416	17,714,547	238,869
Total Operating Revenues	21,022,694	22,015,876	(993,182)
Operating Expenses			
General and administrative expenses	762,505	718,253	44,252
Project expenses	3,179,722	3,803,611	(623,889)
Total Operating Expenses	3,942,227	4,521,864	(579,637)
Operating income	17,080,467	17,494,012	(413,545)
Non-operating revenues (expenses)	(13,807,930)	(16,744,610)	2,936,680
Increase in Net Position	**3,272,537**	**749,402**	**2,523,135**
Net position - beginning of year	36,027,406	35,278,004	749,402
Net position - end of year	$ 39,299,943	$ 36,027,406	$ 3,272,537

Analysis of the Condensed Statements of Revenues, Expenses, and Changes in Net Position Years ended June 30, 2015 and 2014:

Operating revenues consist primarily of interest earned on capital leases and rental income. Non-operating revenues and expenses include investment income, interest expense (net), net increases (decreases) in the fair market value of investments, and other non-operating income and expenses.

Operating revenues decreased by $993,182 from Fiscal 2014 to Fiscal 2015, primarily due to reduced revenues in Fiscal 2015 after the lease agreements for the Spring Entity and Carlton Entity were terminated following the transfer of their real property to the University in Fiscal 2014, the Cortona Foundation's rent reduction after the Cortona Foundation's debt was retired in Fiscal 2014, the abatement of the One Live Oak Center's rent per the terms of its lease restructuring, and reduced income attributed to annual amortization of lease interest income on the capital leases. These reductions were offset by the Bolton Entity project being placed in service in August 2014, which resulted in an increase in capital lease interest income from that agreement.

Operating expenses decreased by $579,637, due primarily to a decrease in repair and replacement expenditures during Fiscal 2015 for the Carlton Entity, O'Malley's Entity and EC Housing Entity, and rent expense reduction for the Spring Entity. These decreases are offset by an increase in repair and replacement expenditures for the Cortona Foundation, and increased straight line rent on the One Live Oak Center after its lease restructuring.

Non-operating expenses decreased by $2,936,680 from Fiscal 2014 to Fiscal 2015, primarily due to the loss on the disposition of assets and liabilities in Fiscal 2014, and reduced interest expense related to annual bond amortization offset by an increase in interest expense due to the Bolton Entity project being placed in service in August 2014.

The Condensed Statements of Cash Flows for Fiscal 2016 and 2015 are shown below:

	2016	2015
Cash flows from operating activities	$ 24,381,052	$ 26,512,512
Cash flows from investing activities	(10,829,209)	82,445
Cash flows from capital and related financing activities	(23,345,848)	(29,098,512)
Net decrease in cash and cash equivalents	**(9,794,005)**	**(2,503,555)**
Cash and cash equivalents – beginning of year	34,915,345	37,418,900
Cash and cash equivalents – end of year	$ 25,121,340	$ 34,915,345

Analysis of the Condensed Statements of Cash Flows
Years ended June 30, 2016 and 2015:

Cash flows from operations primarily include receipts from rental income, principal and interest payments on capital leases receivable, and receipts on reimbursable project costs. The decrease between Fiscal 2015 and Fiscal 2016 is primarily the result of reduced cash provided by the O'Malley's Entity after early termination of its lease agreement and transfer of its title to real property to the University in Fiscal 2016, reduced cash provided by the Bolton Entity following its rent reduction per the terms of its capital lease with the University, and an increase in cash used for the repair and replacement expenditures for the Cortona Foundation and EC Housing Entity. This decrease was offset by cash provided by the receipt of the Terry Entity's accounts receivables.

Cash flows from investing activities are comprised of proceeds from sales and maturities of investments, purchases of investments, and investment income. During Fiscal 2016, these activities reflect a significant increase in cash used as compared to the previous year due to an increase in cash used for investment purchases offset by an increase in cash provided by investment income.

Cash flows from capital and related financing activities are related to capital expenditures, proceeds from new bond issuances, payments on the revolving credit agreement, proceeds from the transfer of assets, and bond debt payments of principal and interest. The net effect of the change in cash flows from Fiscal 2015 to Fiscal 2016 resulted in a decrease in cash used. The decrease in cash used was due primarily to decreased capital expenditures on the Bolton Entity project, decreased payments of cash used on debt and interest payments, cash receipts from the University for the transfer of the O'Malley's Entity's title to real property, and bond proceeds from the issuance of the 2016 Central Precinct Entity Bonds. These decreases were offset by an increase of cash used on partial repayment of the revolving credit agreement, and increased payment for the extinguishment of the O'Malley's Entity's bonds.

The Condensed Statements of Cash Flows for Fiscal 2015 and 2014 are shown below:

	2015	2014
Cash flows from operating activities	$ 26,512,512	$ 29,077,131
Cash flows from investing activities	82,445	112,936
Cash flows from capital and related financing activities	(29,098,512)	(54,134,371)
Net decrease in cash and cash equivalents	**(2,503,555)**	**(24,944,304)**
Cash and cash equivalents – beginning of year	37,418,900	62,363,204
Cash and cash equivalents – end of year	$ 34,915,345	$ 37,418,900

Analysis of the Condensed Statements of Cash Flows
Years ended June 30, 2015 and 2014:

Cash flows from operations primarily include receipts from rental income, principal and interest payments on capital leases receivable, and receipts on reimbursable project costs. The decrease between Fiscal 2014 and Fiscal 2015 is primarily the result of reduced cash provided by the Carlton Entity after it transferred its real property to the University in Fiscal 2014, reduced cash provided by the Cortona Foundation following its rent reduction after the retirement of its debt in Fiscal 2014, an increase in cash used for the Terry Entity's project obligation, and an increase in cash used in repair and replacement expenditures for the Cortona Foundation. This decrease was offset by an increase in cash provided by the new capital lease receipts on the Bolton Entity project since its inception in August 2014, and less cash used in the repair and replacement expenditures for the Carlton Entity, O'Malley's Entity and EC Housing Entity projects.

Cash flows from investing activities are comprised of proceeds from sales and maturities of investments, purchases of investments, and investment income. During Fiscal 2015, these activities reflect a decrease in cash provided as compared to the previous year due to the reduction in investment income.

Cash flows from capital and related financing activities are related to capital expenditures, borrowings on the revolving credit agreement, proceeds from the transfer of assets, and bond debt payments of principal and interest. The net effect of the change in cash flows from Fiscal 2014 to Fiscal 2015 resulted in a significant decrease in cash used. The decrease was due primarily to decreased bond proceeds used for construction costs on the Bolton Entity project, and decreased payments of cash used on debt and interest payments offset by reduced cash provided by the transfer of assets and liabilities in Fiscal 2014.

Economic Outlook

The Real Estate Foundation ended Fiscal 2016 with a 5.65% increase in its net position. With its strong financial base, the Real Estate Foundation continues to actively support the real estate and facility needs of the University as evidenced in the number and broad spectrum focus of its construction and associated projects.

Lease revenues are expected to provide sufficient resources to fund obligations of the Real Estate Foundation.

Questions concerning this report or requests for additional information should be directed to:

University of Georgia Controller's Office
324 Business Services Building
456 E. Broad Street
Athens, GA 30602
(706) 542-6860

UGA REAL ESTATE FOUNDATION, INC.

STATEMENTS OF NET POSITION

JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 17,602,111	$ 27,773,403
Interest Receivable	22,820	22,820
Accounts Receivable	1,472	-
Accounts Receivable from the University and Affiliates	-	4,000,502
Prepaid Expenses	198,179	194,862
Capital Leases Receivable, current portion	6,417,728	6,186,078
Total Current Assets	24,242,310	38,177,665
Noncurrent Assets		
Bond Proceeds Restricted for		
Construction, Debt Service, and Reserves	5,801,303	5,765,025
Operating Funds Held by Trustee	1,717,926	1,376,917
Investments Held by UGAF	11,259,680	-
Capital Lease Interest Receivable	1,828,478	3,025,730
Capital Leases Receivable, noncurrent portion	265,150,934	282,550,546
Capital Assets, not being depreciated		
Land	15,724,224	15,724,224
Construction in Progress	12,709	12,709
Easement	1,835,296	1,835,296
Capital Assets, net of accumulated depreciation	1,947,210	2,062,863
Total Noncurrent Assets	305,277,760	312,353,310
Total Assets	329,520,070	350,530,975
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Loss on Refundings	$ 12,908,125	$ 5,896,212

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

UGA REAL ESTATE FOUNDATION, INC.
STATEMENTS OF NET POSITION (CONTINUED)

JUNE 30, 2016 AND 2015

	2016	2015
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities	$ 47,329	$ 2,703,271
Accounts Payable to the University and Affiliates	34,301	208,754
Accrued Interest Payable	625,329	682,332
Advance Rent and Lease Payment Receipts	2,179,931	2,371,039
Lease Rent Liability, current portion	207,009	170,777
Revolving Credit Agreement, current portion	-	10,294,202
Bonds Payable, current portion	9,155,000	9,405,000
Total Current Liabilities	12,248,899	25,835,375
Noncurrent Liabilities		
Lease Rent Liability, noncurrent portion	1,164,247	1,347,568
Revolving Credit Agreement, noncurrent portion	8,516,222	-
Bonds Payable, noncurrent portion	278,979,942	289,944,301
Total Noncurrent Liabilities	288,660,411	291,291,869
Total Liabilities	300,909,310	317,127,244
NET POSITION		
Net Investment in Capital Assets	11,003,217	11,118,870
Restricted		
Future Repairs and Replacements of Real Property	1,717,920	1,376,886
Unrestricted	28,797,748	26,804,187
Total Net Position	$ 41,518,885	$ 39,299,943

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

UGA REAL ESTATE FOUNDATION, INC.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues		
Rental Income	$ 3,838,529	$ 3,069,278
Capital Lease Interest Income	17,050,125	17,953,416
Total Operating Revenues	20,888,654	21,022,694
Operating Expenses		
General and Administrative Expenses		
Employee Compensation and Benefits	323,770	330,840
Professional Services	404,890	398,424
Depreciation	1,330	1,726
Other Expenses	29,807	31,515
Total General and Administrative Expenses	759,797	762,505
Project Expenses		
Operating Expenses	3,543,356	3,065,399
Depreciation	114,323	114,323
Total Project Expenses	3,657,679	3,179,722
Total Operating Expenses	4,417,476	3,942,227
Operating Income	16,471,178	17,080,467
Non-Operating Revenues (Expenses)		
Investment Income	429,230	88,184
Other Expense	(3,333)	(5,739)
Gain on Early Termination of Capital Lease	178,418	-
Loss on Extinguishment of Debt	(1,055,343)	-
Interest Expense, net	(13,801,208)	(13,890,375)
Total Non-Operating Revenues (Expenses)	(14,252,236)	(13,807,930)
Change in Net Position	2,218,942	3,272,537
Net Position		
Beginning of Year	39,299,943	36,027,406
End of Year	$ 41,518,885	$ 39,299,943

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

UGA REAL ESTATE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Receipts from Rental Income	$ 3,852,696	$ 3,148,490
Receipts of Principal on Capital Leases	5,798,069	9,554,501
Receipts of Interest on Capital Leases	18,023,748	19,167,454
Receipts for Payments Reimbursable by the University and Affiliates	7,718,260	17,601,441
Payments to Employees for Services	(361,765)	(331,978)
Payments to Suppliers of Goods and Services	(4,057,502)	(2,944,383)
Payments Reimbursable by the University and Affiliates	(6,591,546)	(19,633,804)
Other Operating Payments	(908)	(49,209)
Net Cash Provided by Operating Activities	24,381,052	26,512,512
Cash Flows from Investing Activities		
Purchases of Investments	(11,062,914)	-
Net Payments for Foreign Currency Fluctuations	(3,333)	(5,739)
Investment Income	237,038	88,184
Net Cash Provided by (Used in) Investing Activities	(10,829,209)	82,445
Cash Flows from Capital and Related Financing Activities		
Capital Expenditures	-	(4,464,965)
Net Borrowings (Repayments) on Revolving Credit Agreement	(1,777,980)	1,777,980
Proceeds from Sale of Bonds	448,282	-
Proceeds from the University for Transfer of Assets	11,566,665	-
Payments for Bond Issuance Costs	(412,005)	-
Interest Payments on Long-Term Debt	(12,816,438)	(13,726,527)
Principal Repayment on Bonds Payable	(8,790,000)	(12,685,000)
Payments on Bond Extinguishment	(11,564,372)	-
Net Cash Used in Capital and Related Financing Activities	(23,345,848)	(29,098,512)
Net Decrease in Cash and Cash Equivalents	(9,794,005)	(2,503,555)
Cash and Cash Equivalents		
Beginning of Year	34,915,345	37,418,900
End of Year	$ 25,121,340	$ 34,915,345

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

YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	$ 16,471,178	$ 17,080,467
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	115,653	116,049
Straight-Line Rent Expense Adjustment	(147,089)	566,531
Receipts of Principal on Capital Leases	5,798,069	9,554,501
Changes in Assets and Liabilities		
Accounts Receivable	(1,472)	-
Accounts Receivable from the University and Affiliates	4,000,502	(1,306,194)
Prepaid Expenses	(3,317)	(54,939)
Capital Lease Interest Receivable	1,197,252	1,147,642
Accounts Payable and Accrued Liabilities	(2,867,596)	(737,165)
Accounts Payable to the University and Affiliates	27,334	12
Advance Rent and Lease Payment Receipts	(209,462)	145,608
Net Cash Provided by Operating Activities	$ 24,381,052	$ 26,512,512
Reconciliation of Cash and Cash Equivalents to the Statements of Net position		
Cash and Cash Equivalents, per the Statements of Net Position	$ 17,602,111	$ 27,773,403
Cash and Cash Equivalents Included in Bond Proceeds Restricted for Construction, Debt Service, and Reserves	5,801,303	5,765,025
Cash and Cash Equivalents Included in Operating Funds Held by Trustee	1,717,926	1,376,917
Total Cash and Cash Equivalents	$ 25,121,340	$ 34,915,345
Schedule of Noncash Investing, Capital and Related Financing Activity		
Bonds Payable Refunded through New Bond Issue and Related Cost of Issuance	$ 60,695,302	$ -
Increase in Capital Leases Receivable Due to Transfer of Capital Assets	$ -	$ 24,200,067

Note 1—Organization

The UGA Real Estate Foundation, Inc. (the “Real Estate Foundation”) is a not-for-profit foundation that was chartered in 1999 and manages and improves various real estate assets for the benefit of the University of Georgia (the “University”), governed by the Board of Regents of the University System of Georgia (the “Board of Regents”). The Real Estate Foundation may also provide support to the Board of Regents and colleges and universities of the University System of Georgia. The Real Estate Foundation has created several limited liability companies of which it is the sole member for various purposes including constructing, financing, owning, and leasing real estate projects.

The Real Estate Foundation’s sole member is the University of Georgia Research Foundation, Inc. (the “Research Foundation”). The Real Estate Foundation operates under a cooperative organization agreement with the Board of Regents.

The Research Foundation was incorporated under the laws of the state of Georgia as a nonprofit corporation in 1978 and qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code (the “Code”). The Research Foundation is a cooperative organization serving the University and is organized to fulfill broad scientific, literary, educational and charitable purposes and operates to enhance the three-pronged mission of the University of teaching, research, and public service. The Research Foundation contributes heavily to the research function of the University by securing research contracts, grants, and awards from individuals, institutions, private organizations, and government agencies for the performance of sponsored research, development, education, or other programs in the various University colleges, schools, departments, and other units of the University.

Note 2—Summary of significant accounting policies

Basis of Presentation – The Real Estate Foundation’s financial statements have been prepared in accordance with the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (“GASB”). The Statements of Governmental Accounting Standards (“SGAS”) are issued by GASB. The financial statements include the accounts of the Real Estate Foundation’s limited liability companies. All balances and transactions between the Real Estate Foundation and these limited liability companies have been eliminated.

The financial statement presentation provides a comprehensive, entity-wide perspective of the Real Estate Foundation’s assets, liabilities, deferred inflows/outflows of resources, net position, revenues, expenses, changes in net position, and cash flows. In addition, these statements require the Real Estate Foundation to present a Management’s Discussion and Analysis (“MD&A”). The MD&A is considered to be required supplemental information and precedes the financial statements.

Reporting Entity – In accordance with the criteria in SGAS No. 61, *The Financial Reporting Entity*, the Research Foundation is a legally separate, tax exempt organization whose activities primarily support the University, a unit of the University System of Georgia (an organization unit of the State of Georgia). The Research Foundation is considered an affiliated organization of the University and due to its financial significance, the Research Foundation’s financial activities are included in the University and University System of Georgia’s reports. The State Accounting Office determined component units of the state of Georgia, as required by SGAS No. 61, should not be assessed in relation to their significance to the University. Accordingly, the Research Foundation qualifies for treatment as a component unit of the state of Georgia.

Note 2—Summary of significant accounting policies (continued)

The Real Estate Foundation qualifies as a component unit of the Research Foundation. The statements of the Real Estate Foundation are reported discretely in the Research Foundation's financial statements. The Real Estate Foundation is the sole member of a number of limited liability companies, which effectively carry out the operations of the Real Estate Foundation. Therefore, the Real Estate Foundation and all its limited liability companies are shown using a blended presentation; that is, the activity of the Real Estate Foundation and all its limited liability companies is shown in the same column. See Note 13 for a listing of all component units and condensed component unit financial information.

Complete financial statements of each of the blended component units may be obtained at the Real Estate Foundation's administrative office. The address is as follows:

UGA Real Estate Foundation, Inc.
c/o University Business and Accounting Services
324 Business Services Building
456 E. Broad Street
Athens, GA 30602

Basis of Accounting – The Real Estate Foundation's financial statements have been presented using the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Cash and Cash Equivalents – The Real Estate Foundation considers all short-term investments with an original maturity of three months or less to be cash equivalents. Investments in the Board of Regents Short-term Fund are carried at fair value. All other short-term investments, which consist of money markets, certificates of deposits, and non-participating repurchase agreements, are carried at cost. Balances may at times exceed federally insured limits.

Operating Funds Held by Trustee – Amounts transferred in from cash accounts are held by an independent trustee for the purpose of paying operating expenses and funding reserves for future obligations. From time to time, investments are made by the trustee in accordance with the trust indenture.

Bond Proceeds Restricted for Construction, Debt Service, and Reserves – Proceeds from bond issuances are held by an independent trustee and are restricted for the purpose of funding construction costs, interest, administrative fees, debt service reserves, and costs of issuance associated with the bond offerings. From time to time, investments are made by the trustee in accordance with the trust indenture.

Investments – In accordance with SGAS No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Real Estate Foundation is required to present certain investments at their fair value if the investment has a readily determined market value. Investments are carried at market value. Realized gains and losses are computed using the specific identification method.

Note 2—Summary of significant accounting policies (continued)

Capital Leases Receivable – The Real Estate Foundation enters into lease contracts of real property as a lessor. The terms and conditions of these contracts are assessed and the leases are classified as operating leases or capital leases according to their economic substance. When making such an assessment, the Real Estate Foundation focuses on the following aspects: a) transfer of ownership of the asset to the lessee at the end of the lease term; b) existence of a bargain purchase option held by the lessee; c) whether the lease term is for the major part of the economic life of the asset; and d) whether the present value of the minimum lease payments is substantially equal to the fair value of the leased asset at inception of the lease term. If one or more of the conditions are met, the lease is generally classified as a capital lease. The initial recording of the capital lease receivable is made on the day the real property is placed in service, with a corresponding entry to remove the capital asset using the lesser of the net present value of the lease payments or the fair value of the leased property. Capital leases are amortized over the term of the lease using the effective interest rate – the implicit rate that exactly discounts estimated future cash receipts through the expected life of the lease. Lease payments are allocated between the principal and interest components. Capital leases receivable consist of capital lease payments due for real property owned by the University. Collectability of these lease payments is reasonably assured and no allowance for uncollectible amounts has been established.

Capital Assets – Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments are capitalized.

Furniture and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets of seven years.

Real property includes buildings and improvements stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the lesser of the estimated useful life of the related asset of 10 to 30 years or the remaining term on the related ground or air rights leases. Land and easements are stated at cost and are not depreciated.

Construction in progress is stated at cost and includes planning, development, and construction costs, as well as capitalized interest. When construction is complete and the asset is placed in use, assets are transferred at cost to real property or transferred to lessees as part of a capital lease agreement.

Capitalized Interest – Interest incurred during construction of real estate projects is capitalized until the underlying assets are ready for their intended use. Interest related to projects financed by tax-exempt borrowings, including periodic amortization of any related discount or premium, is capitalized after reduction for interest earned on temporary investment of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use. Interest related to projects financed by taxable borrowings, including periodic amortization of any related discount or premium, does not include a reduction for interest earned on the temporary investment of the proceeds of those borrowings. At the time the qualifying assets are placed in service, amortization of the capitalized interest begins, straight-line, over the estimated useful lives of the related assets.

If a project is determined to be placed in service under a capital lease agreement, the asset, including capitalized interest, is transferred to lessees under a capital lease agreement.

Note 2—Summary of significant accounting policies (continued)

Deferred Outflows/Inflows of Resources – In accordance with SGAS No. 65, *Items Previously Reported as Assets and Liabilities*, the statements of net position report a separate financial statement element, deferred outflows of resources, which represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources until that time. The Real Estate Foundation's deferred loss on refundings qualifies for reporting in this category. The deferred loss on refundings results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt using the straight-line method. In addition to liabilities, the Statements of Net Position will at times report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as revenue until that time. The Real Estate Foundation does not have any item that qualifies for reporting in this category.

Bonds Payable – The Real Estate Foundation records the net proceeds of tax-exempt and taxable bond financing as a liability upon issuance. Bond proceeds consist of the par value of the bonds issued plus premiums or minus discounts. Bond premiums and discounts are amortized to interest expense using the effective interest method.

Net Position – Net position of the Real Estate Foundation is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the outstanding balances of any borrowings used to finance the purchase or construction of those assets. Restricted net position includes amounts restricted by bond indentures for debt service, operating costs, and repair and replacements reserves. Unrestricted net position is not subject to donor or other stipulations imposed by outside sources. The Real Estate Foundation considers several factors in determining whether to use restricted or unrestricted resources when restrictions are met.

Revenue Recognition – Rental income is recognized when earned and collectability of the associated receivable is reasonably assured. Rental income consists of the repair and replacement portion of the total capital lease payment and is recognized on a monthly basis in accordance with the related lease agreement. Advance rent receipts represent rental payments received but not yet earned.

Capital lease interest income is recorded per the related capital lease amortization schedule simultaneously with the rental income described above. Amounts are offset by rebates to the University related to savings realized by the Real Estate Foundation due to advance refunding of bonds payable and the early extinguishment of certain bonds payable for projects transferred to the University. Advance lease payment receipts represent both the interest and principal components of capital lease payments received but not yet earned.

Operating and Non-Operating Revenues and Expenses – The financial statements distinguish between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with maintaining and leasing real property – the Real Estate Foundation's principal activity. Non-exchange revenues, including investment income from sources other than capital leases, and net unrealized and realized gains and losses on investments are reported as non-operating revenues. Interest and financing costs are reported as non-operating expenses. Operating expenses are all expenses incurred to maintain and lease real property other than financing costs.

Income Taxes – The Real Estate Foundation is exempt from federal income taxes under Section 501(c)(3) of the Code, whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Internal Revenue Service has determined that the Real Estate Foundation is not a private foundation under Section 509(a) of the Code.

Note 2—Summary of significant accounting policies (continued)

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

Implementation of New Accounting Pronouncement – During the year ended June 30, 2016, the Real Estate Foundation implemented SGAS No. 72, *Fair Value Measurement and Application*. SGAS No. 72 requires disclosures be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The implementation of SGAS No. 72 did not result in a change to the beginning net position of the Real Estate Foundation.

Note 3—Deposits and investments

A. Deposits

At June 30, 2016 and 2015, the bank balance of the Real Estate Foundation's deposits, consisting of cash held in interest bearing checking accounts at financial institutions and cash equivalents held by trustees was $1,758,078 and $1,620,248, respectively.

Custodial Credit Risk
The custodial credit risk for deposits is the risk that in the event of a bank failure, the Real Estate Foundation's deposits may not be recovered. The Real Estate Foundation has no deposit policy for custodial credit risk.

The Real Estate Foundation places its cash and cash equivalents on deposit with financial institutions in the United States of America and Italy. For deposits with financial institutions in the United States of America, the Federal Deposit Insurance Corporation ("FDIC") covers $250,000 for substantially all depository accounts.

As of June 30, 2016, the bank balance of the Real Estate Foundation's deposits is presented below by category of risk.

June 30, 2016 Deposits	FDIC Insured	Collateralized by U.S. Securities	Uninsured or Uncollateralized	Total
Checking Accounts	$ -	$ -	$ 3,874	$ 3,874
Funds Held by Trustee	-	-	1,754,204	1,754,204
Total Deposits	$ -	$ -	$ 1,758,078	$ 1,758,078

As of June 30, 2015, the bank balance of the Real Estate Foundation's deposits is presented below by category of risk.

June 30, 2015 Deposits	FDIC Insured	Collateralized by U.S. Securities	Uninsured or Uncollateralized	Total
Checking Accounts	$ 232,880	$ -	$ 10,451	$ 243,331
Funds Held by Trustee	-	-	1,376,917	1,376,917
Total Deposits	$ 232,880	$ -	$ 1,387,368	$ 1,620,248

The uninsured and uncollateralized deposits classified as "Funds Held by Trustee" are primarily invested in Fidelity Institutional Money Market Treasury Portfolio, a short term money market fund.

Note 3—Deposits and investments (continued)

A. Deposits (continued)

Foreign Currency Risk
Foreign currency risk is the risk that changes in exchange rates will adversely affect a deposit. During the years ended June 30, 2016 and 2015, the Real Estate Foundation's deposits decreased by ($3,333) and ($5,739), respectively, due to foreign currency fluctuations between the Euro and the dollar on cash balances held in banks. Amounts held in foreign currency denominations are valued at $3,874 and $10,451 as of June 30, 2016 and 2015, respectively.

B. Investments

The Real Estate Foundation follows its investment policy which establishes objectives, specifies allowable investments, sets target investment mixes, and provides investment guidelines.

During the year ended June 30, 2016, the Real Estate Foundation entered into an agreement with the University of Georgia Foundation ("UGAF") (the "Agreement") in order to establish the UGA Real Estate Short Term Holding Fund (the "Fund") to be managed and held by UGAF. The Fund serves as a depository account and is separately managed and accounted for by UGAF. The Real Estate Foundation's Board of Trustees (the "Board") is responsible for investing decisions. As of June 30, 2016, investments held by UGAF included fixed-income mutual funds in the amount of $11,259,680.

As of June 30, 2016 and 2015, the Real Estate Foundation held investments of $34,623,122 and $33,327,579, respectively.

As of June 30, 2016 and 2015, the Real Estate Foundation's investments are presented below. All investments are presented by investment type and debt securities are presented by maturity.

June 30, 2016 Investment Type	Total	Investment Maturity: Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Debt Securities					
Repurchase Agreements	$ 10,256,717	$ 10,256,717	$ -	$ -	$ -
Repurchase Agreements Held by Trustee	5,765,025	-	-	-	5,765,025
	16,021,742	$ 10,256,717	$ -	$ -	$ 5,765,025
Fixed Income					
Mutual Funds Held by UGAF	11,259,680				
Investment Pools					
Board of Regents Short-term Fund	7,341,700				
Total Investments	$ 34,623,122				

Note 3—Deposits and investments (continued)

B. Investments (continued)

June 30, 2015 Investment Type	Total	Investment Maturity Less Than 1 Year	1-5 Years	6-10 Years	More than 10 Years
Debt Securities					
Repurchase Agreements	$ 16,705,806	$ 16,705,806	$ -	$ -	$ -
Repurchase Agreements Held by Trustee	5,765,025	-	-	-	5,765,025
	22,470,831	$ 16,705,806	$ -	$ -	$ 5,765,025
Investment Pools					
Board of Regents Short-term Fund	10,856,748				
Total Investments	$ 33,327,579				

Repurchase agreements and the Board of Regents Short-term Fund are included in cash and cash equivalents on the statements of net position.

Repurchase agreements held by trustee are included in bond proceeds restricted for construction, debt service and reserves on the statements of net position.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Real Estate Foundation's policy for managing interest rate risk is to invest primarily in short-term or intermediate-term investments.

Custodial Credit Risk
Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Real Estate Foundation will not be able to recover the value of the investment. The Real Estate Foundation does not have a formal policy for managing custodial credit risk for investments.

Credit Quality Risk
Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Real Estate Foundation's policy for managing credit quality risk is to invest primarily in a diversified portfolio of investment grade debt securities and fixed-income mutual funds.

Note 3—Deposits and investments (continued)

B. Investments (continued)

The Real Estate Foundation's investments at June 30, 2016 and 2015, are presented below. All investments are presented by investment type and fixed income securities are presented by credit quality ratings.

		Rated Debt Investments	
June 30, 2016	**Total**	**Mutual Funds Held by UGAF**	**Repurchase Agreements**
Quality Ratings			
Moody's			
Aaa	$ 5,765,025	$ -	$ 5,765,025
Morningstar			
4-Star	11,259,680	11,259,680	-
Unrated	10,256,717	-	10,256,717
	27,281,422	$ 11,259,680	$ 16,021,742
Investment Pools			
Board of Regents Short-term Fund	7,341,700		
Total Investments	$ 34,623,122		

		Rated Debt Investments	
June 30, 2015	**Total**	**Mutual Funds Held by UGAF**	**Repurchase Agreements**
Quality Ratings			
Moody's			
Aaa	$ 5,765,025	$ -	$ 5,765,025
Unrated	16,705,806	-	16,705,806
	22,470,831	$ -	$ 22,470,831
Investment Pools			
Board of Regents Short-term Fund	10,856,748		
Total Investments	$ 33,327,579		

The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the Board of Regents of the University System of Georgia - System Office (oversight unit). This audit can be obtained from the Georgia Department of Audits - Education Audit Division or on their web site at http://www.audits.ga.gov.

<u>Concentration of Credit Risk</u>
Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Real Estate Foundation's policy for managing concentration of credit risk is to invest primarily in a diversified portfolio of investment grade debt securities and fixed-income mutual funds.

Note 4—Restricted and Board designated assets

Restricted and Board designated assets included in Operating Funds Held by Trustee and Bond Proceeds Restricted for Construction, Debt Service, and Reserves are as follows:

	2016	2015
Restricted for:		
Debt Service	$ 5,801,303	$ 5,765,025
Future Repairs and Replacements of Real Property	1,717,920	1,376,886
Total Restricted	7,519,223	7,141,911
Designated for:		
General Operations of the Real Estate Foundation	6	31
Total Restricted and Designated	$ 7,519,229	$ 7,141,942

The carrying values of the restricted and Board designated cash and cash equivalents and investment balances above are included in the statements of net position as follows:

	2016	2015
Operating Funds Held by Trustee	$ 1,717,926	$ 1,376,917
Bond Proceeds Restricted for Construction, Debt Service, and Reserves	5,801,303	5,765,025
Total Restricted and Designated	$ 7,519,229	$ 7,141,942

Cash and Cash Equivalents, which include Board designated assets, are as follows:

	2016	2015
Designated for:		
Debt Service	$ 3,959,292	$ 4,104,784
Future Repairs and Replacements of Real Property	8,049,857	6,704,408
General Operations of the Real Estate Foundation	400,000	400,000
Total Designated	12,409,149	11,209,192
Undesignated Cash and Cash Equivalents	5,192,962	16,564,211
Total Cash and Cash Equivalents	$ 17,602,111	$ 27,773,403

Note 5—Fair value measurements of assets and liabilities

The Real Estate Foundation has adopted SGAS No. 72, *Fair Value Measurement and Application*, which requires fair value measurement be classified and disclosed in one of the following three Fair Value Hierarchy categories.

Level 1
Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level 1 include listed equity securities, mutual funds, and money market funds. The Real Estate Foundation, to the extent that it holds such investments, does not adjust the quoted price for these investments.

Level 2
Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly traded securities with restrictions on disposition, corporate obligations, and U.S. Government and Agency Treasury Inflation Indices.

Level 3
Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments. The types of investments which would generally be included in this category include debt and equity securities issued by private entities and partnerships. The inputs into the determination of fair value require significant judgment or estimation. Inputs include recent transactions, earnings forecasts, market multiples, and future cash flows.

The tables below summarize the valuation of the Real Estate Foundation's financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2016 and 2015, based on the level of input utilized to measure fair value.

Measurement at fair value on a recurring basis:

June 30, 2016	**Fair Value Measurement**			
Investments - Recurring Basis	**Total**	**Level 1**	**Level 2**	**Level 3**
Fixed Income				
Mutual Funds Held by UGAF	$ 11,259,680	$ 11,259,680	$ -	$ -
Investment Pools				
Board of Regents				
Short-term Fund	7,341,700	-	7,341,700	-
Total Investments - Recurring Basis	$ 18,601,380	$ 11,259,680	$ 7,341,700	$ -

June 30, 2015	**Fair Value Measurement**			
Investments - Recurring Basis	**Total**	**Level 1**	**Level 2**	**Level 3**
Investment Pools				
Board of Regents				
Short-term Fund	$ 10,856,748	$ -	$ 10,856,748	$ -
Total Investments - Recurring Basis	$ 10,856,748	$ -	$ 10,856,748	$ -

All assets have been valued using a market approach. There have been no changes in valuation techniques and related inputs.

Note 6—Capital leases receivable

The Real Estate Foundation has entered into multiple 20 to 30-year capital lease agreements (1-year leases with annual renewals) with the Board of Regents to occupy the Real Estate Foundation's facilities. Lease payments are due monthly. At the end of the lease term, ownership of the leased facilities will be transferred to the Board of Regents.

As of June 30, 2016 and 2015, net capital leases receivable were $271,568,662 and $288,736,624, respectively. These amounts include future minimum lease payments to be received of $462,344,197 and $526,231,227 as of June 30, 2016 and 2015, respectively, of which $190,775,535 and $237,494,603, respectively, is unearned interest.

As of June 30, 2016, lease payments are receivable as follows:

2017	$ 22,825,004
2018	22,807,616
2019	22,660,807
2020	22,642,150
2021	22,622,086
2022 - 2026	112,814,357
2027 - 2031	112,161,763
2032 - 2036	86,202,902
2037 - 2041	33,458,382
2042 - 2044	4,149,130
Total Payments to be Received	462,344,197
Less Amounts Representing Interest	(190,775,535)
Total Leases Receivable	271,568,662
Less Current Portion	(6,417,728)
Noncurrent Leases Receivable	$ 265,150,934

Note 7—Capital assets

Capital assets consisted of the following at June 30, 2016:

	Balance at June 30, 2015	Additions	Disposals and Reclasses	Balance at June 30, 2016
Nondepreciable Capital Assets				
Land	$ 15,724,224	$ -	$ -	$ 15,724,224
Construction in Progress	12,709	-	-	12,709
Easement	1,835,296	-	-	1,835,296
Total Nondepreciable Capital Assets	17,572,229	-	-	17,572,229
Depreciable Capital Assets				
Furniture and Equipment	197,392	-	-	197,392
Less Accumulated Depreciation	(195,308)	(1,330)	-	(196,638)
Buildings and Improvements	3,179,498	-	-	3,179,498
Less Accumulated Depreciation	(1,118,719)	(114,323)	-	(1,233,042)
Total Depreciable Capital Assets	2,062,863	(115,653)	-	1,947,210
Capital Assets, net	$ 19,635,092	$ (115,653)	$ -	$ 19,519,439

Capital assets consisted of the following at June 30, 2015:

	Balance at June 30, 2014	Additions	Disposals and Reclasses	Balance at June 30, 2015
Nondepreciable Capital Assets				
Land	$ 15,724,224	$ -	$ -	$ 15,724,224
Construction in Progress	22,912,678	1,345,395	(24,245,364)	12,709
Easement	1,835,296	-	-	1,835,296
Total Nondepreciable Capital Assets	40,472,198	1,345,395	(24,245,364)	17,572,229
Depreciable Capital Assets				
Furniture and Equipment	197,392	-	-	197,392
Less Accumulated Depreciation	(193,582)	(1,726)	-	(195,308)
Buildings and Improvements	3,179,498	-	-	3,179,498
Less Accumulated Depreciation	(1,004,396)	(114,323)	-	(1,118,719)
Total Depreciable Capital Assets	2,178,912	(116,049)	-	2,062,863
Capital Assets, net	$ 42,651,110	$ 1,229,346	$ (24,245,364)	$ 19,635,092

Note 8—Long-term debt

Bolton Entity

$24,400,000 Bond Issue – In 2013, the Development Authority of the Unified Government of Athens–Clarke County, Georgia (the "Development Authority") issued Revenue Bonds (UGAREF Bolton Commons, LLC Project), Series 2013 (the "Bolton Bonds") and entered into an agreement (the "Bolton Loan Agreement") to loan $24,400,000 to the Bolton Entity. Payment of principal and interest under the Bolton Bonds is secured by certain real property constituting a dining facility and by the Bolton Entity's interest in certain rents and leases derived from this facility. The Bolton Entity used the proceeds of this loan to fund construction of the dining facility which was placed in service in August 2014.

Borrowings under the Bolton Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 3.0% to 5.0% depending on the schedule of bond maturities. Principal payments are due annually on June 15 and continue through June 15, 2044.

CCRC Entity

$39,155,000 Bond Issue – In 2002, the Development Authority issued Educational Facilities Revenue Bonds (UGAREF CCRC Building, LLC Project), Series 2002 (the "2002 CCRC Bonds") and entered into an agreement (the "2002 CCRC Loan Agreement") to loan $39,155,000 to the CCRC Entity. The CCRC Entity used the proceeds of this loan to fund construction of a research facility, which was placed in service in October 2003. On December 15, 2011, the Development Authority issued $32,580,000 in Revenue Refunding Bonds to advance refund $32,620,000 of outstanding 2002 CCRC Bonds (see the *$32,580,000 Bond Issue* below). The 2002 CCRC Bonds were redeemed in full on December 15, 2012.

$32,580,000 Bond Issue – On December 15, 2011, the Development Authority issued $32,580,000 in Revenue Refunding Bonds (UGAREF CCRC Building, LLC Project), Series 2011 (the "2011 CCRC Bonds") with interest rates ranging from 2.0% to 5.25% and entered into an agreement (the "2011 CCRC Loan Agreement") with the CCRC Entity to advance refund $32,620,000 of outstanding 2002 CCRC Bonds with interest rates ranging from 3.7% to 5.0%. Payment of principal and interest under the 2011 CCRC Bonds is secured by certain real property constituting a research facility and by the CCRC Entity's interest in certain rents and leases derived from this facility.

The net proceeds of $32,899,567 plus an additional $1,245,143 of 2002 CCRC Bonds debt service reserve funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to fund all future debt service payments on the refunded 2002 CCRC Bonds. As a result, $32,620,000 of outstanding 2002 CCRC Bonds were considered to be defeased and the liability for those bonds was removed from the statement of net position during Fiscal 2012. The 2002 CCRC Bonds were redeemed in full on December 15, 2012.

The advance refunding resulted in a loss which consisted of the difference between the reacquisition price and the net carrying amount of the old debt of $1,441,162. This difference, reported in the accompanying statements of net position as a deferred outflow of resources, is being charged to operations as interest expense through December 15, 2032, using the straight-line method. The CCRC Entity completed the advance refunding to reduce its total debt service payments through 2032 by $4,370,439 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,925,996 at an effective interest rate of 3.684%.

Borrowings under the 2011 CCRC Loan Agreement bear interest payable semiannually on December 15 and June 15. Principal payments are due annually on December 15 and continue through December 15, 2032.

Note 8—Long-term debt (continued)

Central Precinct Entity

$62,475,000 Bond Issue – In 2008, the Development Authority issued $35,055,000 of Educational Facilities Current Interest Revenue Bonds (UGAREF Central Precinct, LLC Project), and $27,420,000 of Educational Facilities Convertible Revenue Bonds (UGAREF Central Precinct, LLC Project) (collectively, the “2008 Central Precinct Bonds”) and entered into an agreement (the “2008 Central Precinct Loan Agreement”) to loan $62,475,000 to the Central Precinct Entity. Payment of principal and interest under the 2008 Central Precinct Bonds was secured by certain real property constituting a parking deck and student center expansion, and by the Central Precinct Entity’s interest in certain rents and leases derived from these facilities. The Central Precinct Entity used the proceeds of this loan to fund construction of these facilities. The parking deck was placed in service in August 2008 and the student center expansion was placed in service in May 2009.

Borrowings under the 2008 Central Precinct Loan Agreement bore interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2% to 5% depending on the schedule of bond maturities. Principal payments were due annually on June 15. The remaining principal balance of $56,135,000 was fully defeased on June 16, 2016 (see the *$54,025,000 Bond Issue* below).

$54,025,000 Bond Issue – On June 16, 2016, the Development Authority issued $54,025,000 in Revenue Refunding Bonds (UGAREF Central Precinct, LLC Project), Series 2016 (the "2016 Central Precinct Bonds") with interest rates ranging from 2.0% to 5.0% and entered into an agreement (the "2016 Central Precinct Loan Agreement") with the Central Precinct Entity to advance refund $56,135,000 of outstanding 2008 Central Precinct Bonds with interest rates ranging from 4.0% to 5.0%. Payment of principal and interest under the 2016 Central Precinct Bonds is secured by certain property constituting a parking deck and student center expansion, and by the Central Precinct Entity’s interest in certain rents and leases derived from these facilities.

The net proceeds of $60,510,468 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent and will fund all future debt service payments on the refunded 2008 Central Precinct Bonds. As a result, $56,135,000 of outstanding 2008 Central Precinct Bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position during the year ended June 30, 2016.

The advance refunding resulted in a loss which consisted of the difference between the reacquisition price and the net carrying amount of the old debt of $7,461,830. This difference, reported in the accompanying statements of net position as a deferred outflow of resources, is being charged to operations as interest expense through June 15, 2038, using the straight-line method. The Central Precinct Entity completed the advance refunding to reduce its total debt service payments through 2038 by $9,051,501 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $7,119,726 at an effective interest rate of 2.22%.

Borrowings under the 2016 Central Precinct Loan Agreement bear interest payable semiannually on December 15 and June 15. Principal payments are due annually on June 15 and continue through June 15, 2038.

Note 8—Long-term debt (continued)

Coverdell Entity

$25,970,000 Bond Issue – In 2004, the Development Authority issued $25,545,000 of Educational Facilities Revenue Bonds (UGAREF Coverdell Building, LLC Project), Series 2004A, and $425,000 of Educational Facilities Taxable Revenue Bonds (UGAREF Coverdell Building, LLC Project), Series 2004B (collectively, the "2004 Coverdell Bonds"). The Development Authority entered into an agreement (the "2004 Coverdell Loan Agreement") to loan $25,970,000 to the Coverdell Entity. The Coverdell Entity used the proceeds of this loan to fund construction of a portion of a research facility, which was placed in service in December 2005. On May 16, 2013, the Development Authority issued $21,100,000 in Revenue Refunding Bonds to advance refund $22,295,000 of outstanding 2004A Coverdell Bonds (see the *$21,100,000 Bond Issue* below). The 2004B Coverdell Bonds were paid in full in 2007. The 2004A Coverdell Bonds were redeemed in full on December 15, 2014.

$21,100,000 Bond Issue – On May 16, 2013, the Development Authority issued $21,100,000 in Revenue Refunding Bonds (UGAREF Coverdell Building, LLC Project), Series 2013 (the "2013 Coverdell Bonds") with interest rates ranging from 2.0% to 5.0% and entered into an agreement (the "2013 Coverdell Loan Agreement") with the Coverdell Entity to advance refund $22,295,000 of outstanding 2004A Coverdell Bonds with interest rates ranging from 4.0% to 5.0%. Payment of principal and interest under the 2013 Coverdell Bonds is secured by certain real property constituting a portion of a research facility and by the Coverdell Entity's interest in certain rents and leases derived from a portion of this facility.

The net proceeds of $22,666,446 plus an additional $823,253 of 2004 Coverdell Bonds debt service reserve funds and $828,730 debt service funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to fund all future debt service payments on the refunded 2004 Coverdell bonds. As a result, $22,295,000 of outstanding 2004 Coverdell Bonds are considered to be defeased and the liability for those bonds was removed from the statement of net position during Fiscal 2013. The 2004A Coverdell Bonds were redeemed in full on December 15, 2014.

The advance refunding resulted in a loss which consisted of the difference between the reacquisition price and the net carrying amount of the old debt of $1,680,333. This difference, reported in the accompanying statements of net position as a deferred outflow of resources, is being charged to operations as interest expense through December 15, 2034, using the straight-line method. The Coverdell Entity completed the advance refunding to reduce its total debt service payments through 2034 by $3,073,367 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,706,994 at an effective interest rate of 3.039%.

Borrowings under the 2013 Coverdell Loan Agreement bear interest payable semiannually on December 15 and June 15. Principal payments are due annually on December 15 and continue through December 15, 2034.

Note 8—Long-term debt (continued)

EC Housing Entity

$99,860,000 Bond Issue – In 2002, the Housing Authority of the City of Athens, Georgia (the "Housing Authority") issued Student Housing Lease Revenue Bonds (UGAREF East Campus Housing, LLC Project), Series 2002 (the "2002 EC Housing Bonds") and entered into an agreement (the "2002 EC Housing Loan Agreement") to loan $99,860,000 to the EC Housing Entity. The EC Housing Entity used the proceeds of this loan to fund construction of a parking deck which was placed in service in November 2002, and residence halls and a dining facility that were placed in service in July 2004. The parking deck was transferred to the University in August 2010 and the associated debt was retired. The 2002 EC Housing Bonds were redeemed in full on December 1, 2012.

On March 1, 2010, the Housing Authority issued $34,090,000 in Student Housing Lease Revenue Bonds to advance refund $32,140,000 of outstanding 2002 EC Housing Bonds (see *$34,090,000 Bond Issue* below).

On December 1, 2011, the Housing Authority issued $48,250,000 in Revenue Refunding Bonds to advance refund $46,720,000 of outstanding 2002 EC Housing Bonds (see *$48,250,000 Bond Issue* below).

$34,090,000 Bond Issue – On March 1, 2010, the Housing Authority issued $34,090,000 in Student Housing Lease Revenue Bonds (UGAREF East Campus Housing, LLC Project), Series 2010 (the "2010 EC Housing Bonds") with interest rates ranging from 2.5% to 5.0% and entered into an agreement (the "2010 EC Housing Loan Agreement") with the EC Housing Entity to advance refund $32,140,000 of outstanding 2002 EC Housing Bonds with interest rates ranging from 4.0% to 5.25%. Payment of principal and interest under the 2010 EC Housing Bonds is secured by certain real property constituting the residence halls, and a dining facility and by the EC Housing Entity's interest in certain rents and leases derived from these facilities.

The net proceeds of $35,626,248, including $125,000 segregated for future debt service reserves (after payment of $476,550 in underwriting fees and other issuance costs), plus an additional $413,000 of 2002 EC Housing Bonds debt service reserve funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to fund all future debt service payments on the refunded portion of the 2002 EC Housing Bonds. As a result, $32,140,000 of outstanding 2002 EC Housing Bonds were considered to be defeased and the liability for those bonds was removed from the statement of net position during Fiscal 2010. The 2002 EC Housing Bonds were redeemed in full on December 1, 2012.

The advance refunding resulted in a loss which consisted of the difference between the reacquisition price and the net carrying amount of the old debt of $2,949,160. This difference, reported in the statements of net position as a deferred outflow of resources, is being charged to operations as interest expense through December 1, 2023, using the straight-line method. The EC Housing Entity completed the advance refunding to reduce its total debt service payments through 2023 by $1,177,979 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $856,685 at an effective interest rate of 3.60%.

Borrowings under the 2010 EC Housing Loan Agreement bear interest payable semiannually on December 1 and June 1. Principal payments are due annually on December 1 and continue through December 1, 2023.

Note 8—Long-term debt (continued)

EC Housing Entity (continued)

$48,250,000 Bond Issue – On December 1, 2011, the Housing Authority issued $48,250,000 in Revenue Refunding Bonds (UGAREF East Campus Housing, LLC Project), Series 2011 (the "2011 EC Housing Bonds") with interest rates ranging from 2.0% to 5.0% and entered into an agreement (the "2011 Housing Loan Agreement") with the EC Housing Entity to advance refund $46,720,000 of outstanding 2002 EC Housing Bonds with interest rates ranging from 4.0% to 5.0%. Payment of principal and interest under the 2011 EC Housing Bonds is secured by certain real property constituting the residence halls and a dining facility and by the EC Housing Entity's interest in certain rents and leases derived from these facilities.

The net proceeds of $48,814,385 plus an additional $178,618 of 2002 EC Housing Bonds debt service reserve funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to fund all future debt service payments on the refunded portion of the 2002 EC Housing Bonds. As a result, $46,720,000 of outstanding 2002 EC Housing Bonds were considered to be defeased and the liability for those bonds was removed from the statement of net position during Fiscal 2012. The 2002 EC Housing Bonds were redeemed in full on December 1, 2012.

The advance refunding resulted in a loss which consisted of the difference between the reacquisition price and the net carrying amount of the old debt of $1,646,076. This difference, reported in the accompanying statements of net position as a deferred outflow of resources, is being charged to operations as interest expense through December 1, 2033, using the straight-line method. The EC Housing Entity completed the advance refunding to reduce its total debt service payments through 2033 by $6,751,019 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1,922,277 at an effective interest rate of 4.103%.

Borrowings under the 2011 EC Housing Loan Agreement bear interest payable semiannually on December 1 and June 1. Principal payments are due annually on December 1 and continue through December 1, 2033.

EC Housing Phase II Entity

$49,875,000 Bond Issue – In 2009, the Housing Authority issued Revenue Bonds (UGAREF East Campus Housing Phase II, LLC Project), Series 2009 (the "EC Housing Phase II Bonds") and entered into an agreement (the "EC Housing Phase II Loan Agreement") to loan $49,875,000 to the EC Housing Phase II Entity. Payment of principal and interest under the EC Housing Phase II Bonds is secured by certain real property constituting a residence hall, and by the EC Housing Phase II Entity's interest in certain rents and leases derived from this facility. The EC Housing Phase II Entity used the proceeds of this loan to fund construction of the residence hall, which was placed in service in July 2010.

Borrowings under the EC Housing Phase II Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 4.00% to 5.25% depending on the schedule of bond maturities. Principal payments are due annually on June 15 and continue through June 15, 2040.

Note 8—Long-term debt (continued)

Fraternity Row Entity

$12,505,000 Bond Issue – In 2009, the Housing Authority issued Revenue Bonds (UGAREF Fraternity Row, LLC Project), Taxable Series 2009 (the “Fraternity Row Bonds”) and entered into an agreement (the “Fraternity Row Loan Agreement”) to loan $12,505,000 to the Fraternity Row Entity. Payment of principal and interest under the Fraternity Row Bonds is secured by certain real property constituting four fraternity houses, and by the Fraternity Row Entity’s interest in certain rents and leases derived from these houses. The Fraternity Row Entity used the proceeds of this loan to fund construction of the houses. The project was placed in service in August 2009.

Borrowings under the Fraternity Row Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 1.25% to 6.30% depending on the schedule of bond maturities. Principal payments are due annually on June 15 and continue through June 15, 2039.

O’Malley’s Entity

$15,705,000 Bond Issue – In 2009, the Development Authority issued Educational Facilities Revenue Bonds (UGAREF O’Malley’s Building, LLC Project), Series 2009 (the “O’Malley’s Bonds”) and entered into an agreement (the “O’Malley’s Loan Agreement”) to loan $15,705,000 to the O’Malley’s Entity. Payment of principal and interest under the O’Malley’s Bonds was secured by certain real property constituting an educational facility and underlying land, and by the O’Malley’s Entity’s interest in certain rents and leases derived from this facility. The O’Malley’s Entity used the proceeds of this loan to fund construction of the educational facility. The project was placed in service in July 2009. Title to the educational facility and underlying land was transferred to the University in October 2015, and the capital lease associated with the project was terminated.

Borrowings under the O’Malley’s Loan Agreement bore interest payable semiannually on December 15 and June 15 at fixed rates ranging from 3% to 5% depending on the schedule of bond maturities. Principal payments were due annually on June 15.

On October 30, 2015, the Development Authority entered into an agreement with the O'Malley's Entity to early extinguish $10,225,000 of outstanding O'Malley's Bonds with interest rates ranging from 3.0% to 5.0% pursuant to the transfer of the O'Malley's Entity's title to the educational facility and underlying land to the University and the early termination of the capital lease agreement related to the project.

A portion of the proceeds received from the University in the net amount of $11,535,546 (after payment of $28,827 in extinguishment costs) was transferred from the O'Malley's Entity and deposited into an irrevocable trust with an escrow agent and used to purchase U.S. government securities. Those securities are to provide for all future debt service payments on the extinguished portion of the O'Malley's Bonds. As a result, $10,225,000 of outstanding O'Malley's Bonds are considered to be defeased and the liability for those bonds has been removed from the statement of net position for the year ended June 30, 2016.

Note 8—Long-term debt (continued)

O'Malley's Entity (continued)

The early extinguishment resulted in a loss consisting of the difference between the reacquisition price and the net carrying amount of the extinguished debt of $1,055,343. This difference has been charged to operations as an ordinary loss on debt extinguishment during the year ended June 30, 2016. The O'Malley's Entity completed the early extinguishment in order to repay the O'Malley's Bonds, to transfer the O'Malley's Entity's title to the educational facility and underlying land to the University, and to reduce its total debt service payments on the O'Malley's Bonds over the next 13 years by $1,919,173. The resulting economic gain (difference between the present value of the extinguished debt and the cash amount transferred to escrow) is $1,387,425 using an effective interest rate of 1.034%.

PAC Entity

$17,655,000 Bond Issue – In 2009, the Development Authority issued Educational Facilities Revenue Bonds (UGAREF PAC Parking Deck, LLC Project), Series 2009 (the "PAC Bonds") and entered into an agreement (the "PAC Loan Agreement") to loan $17,655,000 to the PAC Entity. Payment of principal and interest under the PAC Bonds is secured by certain real property constituting two parking decks, and by the PAC Entity's interest in certain rents and leases derived from these parking decks. The PAC Entity used the proceeds of this loan to fund construction of the parking decks. The Intramural Fields parking deck was placed in service in August 2009 and the Performing Arts Center parking deck was placed in service in November 2009.

Borrowings under the PAC Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 3% to 5% depending on the schedule of bond maturities. Principal payments are due annually on June 15 and continue through June 15, 2039.

Rutherford Entity

$21,910,000 Bond Issue – In 2012, the Housing Authority issued Revenue Bonds (UGAREF Rutherford Hall, LLC Project), Series 2012 (the "Rutherford Bonds") and entered into an agreement (the "Rutherford Loan Agreement") to loan $21,910,000 to the Rutherford Entity. Payment of principal and interest under the Rutherford Bonds is secured by certain real property constituting a residence hall, and by the Rutherford Entity's interest in certain rents and leases derived from this facility. The Rutherford Entity used the proceeds of this loan to fund construction of the residence hall, which was placed in service in July 2013.

Borrowings under the Rutherford Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2.00% to 5.00% depending on the schedule of bond maturities. Principal payments are due annually on June 15 and continue through June 15, 2033.

Note 8—Long-term debt (continued)

Real Estate Foundation

The bonds payable agreements require the Real Estate Foundation to meet certain covenants. At June 30, 2016 and 2015, the Real Estate Foundation was not aware of any violations of the covenants.

Following is a summary as of June 30, 2016, of principal and interest payments for the face value of the bonds payable during each of the next five years ending June 30 and every five years thereafter:

	Principal	Interest
2017	$ 9,155,000	$ 11,899,152
2018	9,455,000	11,572,516
2019	9,695,000	11,187,979
2020	10,070,000	10,797,021
2021	10,490,000	10,367,691
2022 - 2026	59,020,000	44,787,658
2027 - 2031	72,690,000	30,461,601
2032 - 2036	65,415,000	13,906,671
2037 - 2041	27,265,000	3,738,105
2042 - 2044	3,430,000	313,200
	$ 276,685,000	$ 149,031,594

Changes in long-term debt for the fiscal year ended June 30, 2016, are shown below:

	Balance at June 30, 2015	Additions	Disposals and Reductions	Balance at June 30, 2016	Current Portion
Bonds Payable	$ 297,810,000	$ 54,025,000	$ (75,150,000)	$ 276,685,000	$ 9,155,000
Net Premium (Discount)	1,539,301	7,118,584	2,792,057	11,449,942	-
Total Long-Term Debt	$ 299,349,301	$ 61,143,584	$ (72,357,943)	$ 288,134,942	$ 9,155,000

Changes in long-term debt for the fiscal year ended June 30, 2015, are shown below:

	Balance at June 30, 2014	Additions	Disposals and Reductions	Balance at June 30, 2015	Current Portion
Bonds Payable	$ 310,495,000	$ -	$ (12,685,000)	$ 297,810,000	$ 9,405,000
Net Premium (Discount)	1,707,404	-	(168,103)	1,539,301	-
Total Long-Term Debt	$ 312,202,404	$ -	$ (12,853,103)	$ 299,349,301	$ 9,405,000

Note 8—Long-term debt (continued)

Real Estate Foundation (continued)

A summary of the components of interest cost for the year ended June 30, 2016, is as follows:

	Total Interest	Amount Capitalized	Amount Expensed
Interest Cost			
Interest Expense	$ 12,938,384	$ -	$ 12,938,384
Amortization of Premiums, Discounts, and Deferred Loss	273,410	-	273,410
Cost of Issuance	596,839	-	596,839
Fees	266,414	-	266,414
Interest Income	(273,839)	-	(273,839)
Total Interest Cost	$ 13,801,208	$ -	$ 13,801,208

A summary of the components of interest cost for the year ended June 30, 2015, is as follows:

	Total Interest	Amount Capitalized	Amount Expensed
Interest Cost			
Interest Expense	$ 13,705,175	$ 84,934	$ 13,620,241
Amortization of Premiums, Discounts, and Deferred Loss	267,683	(3,158)	270,841
Fees	273,235	-	273,235
Interest Income	(274,001)	(59)	(273,942)
Total Interest Cost	$ 13,972,092	$ 81,717	$ 13,890,375

Note 9—Line of credit

$50,000,000 Revolving Credit Agreement – In November 2010, the Real Estate Foundation entered into a $50 million revolving credit agreement with a bank, for a five-year term that expired on November 30, 2015. The revolving credit agreement provided for borrowings or letters of credit at the Real Estate Foundation's option. Upon expiration of the $50 million revolving credit agreement on November 30, 2015, a $25 million revolving credit agreement was entered into with a bank (see *$25,000,000 Revolving Credit Agreement* below).

$25,000,000 Revolving Credit Agreement – In November 2015, the Real Estate Foundation entered into a $25 million revolving credit agreement with a bank, for a three-year term to expire on November 30, 2018. Credit available under the revolving credit agreement is reduced by outstanding borrowings. At June 30, 2016, amounts outstanding and issued under this agreement include borrowings of $8,516,222 resulting in $16,483,778 available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's 30-day London Interbank Offered Rate plus 60.0 basis points (or 0.60%). At June 30, 2016, the rate applicable to the borrowings was 1.05%. Amounts available as borrowing capacity are subject to an unused commitment fee of 0.10%.

Under this revolving credit agreement, certain borrowings are subject to a guarantee requirement with the Research Foundation as guarantor. As of June 30, 2016, there are no borrowings subject to this guarantee requirement.

The revolving credit agreement requires the Real Estate Foundation to meet certain covenants. At June 30, 2016 and 2015, the Real Estate Foundation was not aware of any violations of the covenants.

Note 10—Operating leases

The Real Estate Foundation is a lessee under an amended multiyear operating lease for University education facilities at One Live Oak Center, Atlanta, Georgia, that expires on August 31, 2024, with escalating rents. The Real Estate Foundation recognizes rent for this agreement on a straight-line basis. A straight-line lease liability of $781,602 and $757,914, as of June 30, 2016 and 2015, respectively, is included in liabilities. For the years ended June 30, 2016 and 2015, rent expense was $860,390 and $834,332, respectively, and includes additional rents to cover operating expenses of the education facility.

The Real Estate Foundation is a lessee under a multiyear operating lease for University education facilities at Gwinnett Intellicenter, Duluth, Georgia, that expires on December 31, 2018, with escalating rents. The Real Estate Foundation recognizes rent for this agreement on a straight-line basis. A straight-line lease liability of $589,654 and $760,431, as of June 30, 2016 and 2015, respectively, is included in liabilities. For the years ended June 30, 2016 and 2015, rent expense was $1,352,573 and $1,311,389, respectively, and includes additional rents to cover operating expenses of the education facility.

Note 10—Operating leases (continued)

The following is a schedule by years of future minimum rental payments under operating leases as of June 30, 2016, that have initial or remaining noncancelable lease terms in excess of one year:

Years Ending June 30,	
2017	$ 2,296,986
2018	2,358,467
2019	1,653,755
2020	912,301
2021	939,565
2022 - 2025	3,163,007
	$ 11,324,081

Note 11—Related-party transactions

The Real Estate Foundation leases real property to the Board of Regents under both operating and capital leases, including space subleased under operating leases to the Board of Regents. The Real Estate Foundation also has one-year licensing agreements with the Board of Regents which provides for the operation of parking lots by the Board of Regents on the Real Estate Foundation's land located on Oconee Street in Athens, Georgia, in exchange for a fee adjusted at the end of the term to reflect actual costs incurred. For the years ended June 30, 2016 and 2015, the amounts reported as Rental Income and Capital Lease Interest Income in the statements of revenues, expenses, and changes in net position consists of revenue earned through lease agreements. The lease agreements with the Board of Regents are the primary source of revenue for the Real Estate Foundation, which constitutes a concentration of credit risk.

Additionally, the lease agreements provide that certain amounts paid by the Real Estate Foundation be reimbursed by the Board of Regents. Amounts reimbursed are primarily insurance and property taxes. For the years ended June 30, 2016 and 2015, the expenses which were paid by the Real Estate Foundation and reimbursed by the University are reported as Receipts for Payments Reimbursable by the University and Affiliates and Payments Reimbursable by the University and Affiliates in the statements of cash flows.

The Real Estate Foundation leases the use of land from the Board of Regents where it has constructed property on Board of Regents' land. These ground leases are for a period of up to 3 years during construction and continue for 30 years after construction is complete for a base rental of $10 per year. Under the ground leases, the ownership of any building or structure constructed on the land passes to the Board of Regents at the end of the ground lease.

The Real Estate Foundation leases air rights from the Board of Regents where it has constructed property above the lower floors on the Board of Regents' land. The air rights lease is for a period of up to 3 years during construction and continues for 30 years after construction is complete for a base rental of $10 per year. Under the air rights lease, the ownership of any building or structure constructed above the lower floors of the building passes to the Board of Regents at the end of the air rights lease.

Note 11—Related-party transactions (continued)

The Real Estate Foundation has entered into an administrative services agreement with the University whereby the University provides project management, accounting, and other administrative services, as well as provisions for office space, maintenance, and utilities to be provided by the University to the Real Estate Foundation. During the years ended June 30, 2016 and 2015, the Real Estate Foundation paid $299,861 and $296,435, respectively, to the University under the terms of that agreement. The administrative services agreement is renewable on an annual basis.

On March 1, 2013, the Real Estate Foundation and UGAF entered into a Memorandum of Agreement (the "Terry Entity MOA") for the Real Estate Foundation to oversee the design and construction of the Terry Entity project, a new approximately 75,000 square foot building, on the campus of the University for the Terry College of Business. The Terry Entity MOA specifies that UGAF will reimburse the Real Estate Foundation for all project costs incurred by the Real Estate Foundation in connection with the completion of the Terry Entity project. During the years ended June 30, 2016 and 2015, the Real Estate Foundation was reimbursed $7,086,120 and $16,370,782, respectively, for project costs and had a receivable from UGAF for $0 and $4,000,502 at June 30, 2016 and 2015, respectively. Expenses paid by the Real Estate Foundation and reimbursed by UGAF are reported as Receipts for Payments Reimbursable by the University and Affiliates and Payments Reimbursable by the University and Affiliates in the statements of cash flows. As of June 30, 2015, Accounts Payable to the University and Affiliates on the statements of net position included $208,654 related to the Terry Entity project. The building was completed and placed in service in July 2015.

On March 25, 2013, the Real Estate Foundation and the University entered into a Memorandum of Understanding (the "MOU") for the Real Estate Foundation to oversee improvements to the University's property in connection with replacement of the Bolton Dining Commons. The MOU specifies that the University will reimburse the Real Estate Foundation for all project costs incurred by the Real Estate Foundation in connection with the improvements not to exceed $5,000,000. During the years ended June 30, 2016 and 2015, the Real Estate Foundation was reimbursed by the University for $0 and $731,939, respectively, in project costs. Expenses paid by the Real Estate Foundation and reimbursed by the University are reported as Receipts for Payments Reimbursable by the University and Affiliates and Payments Reimbursable by the University and Affiliates in the statements of cash flows. The dining facility was complete and placed in service in August 2014.

On October 30, 2015, the O'Malley's Entity terminated the capital lease with the Board of Regents and transferred its title to the educational building and underlying land to the University. In connection with the transfer, the Development Authority entered into an agreement with the O'Malley's Entity to early extinguish $10,225,000 of the outstanding O'Malley's Bonds. The loss on extinguishment of the bonds was $1,055,343. The gain on early termination of the capital lease was $178,418. This gain is shown in the Gain on Termination of Capital Lease for the year ended June 30, 2016, in the statements of revenues, expenses, and changes in net position, and consisted of the following components:

Proceeds received from University	$ 11,566,665
Capital lease receivable at time of sale	(11,388,247)
Total Gain	$ 178,418

Note 12—Defined contribution plan

The Real Estate Foundation previously offered a 403(b) defined contribution plan to any of its employees who elected to participate. The Real Estate Foundation matched employee contributions to the plan by 200%, up to a maximum of 10% of the employee's compensation, subject to Internal Revenue Service annual maximum limitations. The plan was administered by Fidelity Investments. Beginning July 1, 2015, the Real Estate Foundation's employees became employees of the University. The Board approved termination of the plan and the termination was completed in December 2015. For the year ended June 30, 2015, employees of the Real Estate Foundation contributed $20,414 to the plan and the Real Estate Foundation incurred employer contributions to the plan for two employees in the amount of $24,796 for the same time period.

Note 13—Condensed component unit information

The schedules on the following pages include the condensed financial information of the Real Estate Foundation's blended component units as of and for the years ended June 30, 2016 and 2015.

The Real Estate Foundation is the sole member or owner of the following entities:

Legal Name	Short Name
UGAREF Bolton Commons, LLC	Bolton Entity
UGAREF Carlton Street Parking Deck, LLC	Carlton Entity (LLC dissolution effective June 21, 2016)
UGAREF CCRC Building, LLC	CCRC Entity
UGAREF Central Precinct, LLC	Central Precinct Entity
UGAREF Cortona, Italy Foundation	Cortona Foundation
UGAREF Coverdell Building, LLC	Coverdell Entity
UGAREF East Campus Housing, LLC	EC Housing Entity
UGAREF East Campus Housing Phase II, LLC	EC Housing Phase II Entity
UGAREF Fraternity Row, LLC	Fraternity Row Entity
UGAREF Hardin Property, LLC	Hardin Entity
UGAREF Oconee Street, LLC	Oconee Entity
UGAREF O'Malley's Building, LLC	O'Malley's Entity
UGAREF PAC Parking Deck, LLC	PAC Entity
UGAREF Rutherford Hall, LLC	Rutherford Entity
UGAREF Spring Street, LLC	Spring Entity
UGAREF Terry College Phase I, LLC	Terry Entity

Activity for the Carlton Entity for the year ended June 30, 2016, is included in the Real Estate Foundation column in the following condensed financial statements.

Note 13—Condensed component unit information (continued)

The condensed component units' statements of net position as of June 30, 2016, are shown below:

	Bolton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity	Fraternity Row Entity	Hardin Entity
Assets									
Current Assets	$1,335,031	$4,227,985	$1,645,205	$ 371,266	$1,929,588	$4,692,473	$2,311,315	$1,003,414	$ 587
Capital Assets	-	-	-	2,279,971	-	-	-	-	8,722,492
Other Noncurrent Assets	19,331,037	28,104,384	54,434,824	-	17,912,508	71,902,041	43,517,662	10,935,826	-
Total Assets	20,666,068	32,332,369	56,080,029	2,651,237	19,842,096	76,594,514	45,828,977	11,939,240	8,723,079
Deferred Outflows of Resources									
Deferred Loss on Refundings	-	1,129,483	7,447,698	-	1,437,042	2,893,902	-	-	-
Liabilities									
Current Liabilities	665,087	1,525,568	2,221,103	7,669	864,243	3,493,087	1,427,948	363,627	-
Due to/from Related Entities	-	-	-	-	-	-	-	-	9,978,271
Noncurrent Liabilities	19,868,113	27,305,174	59,344,064	-	20,126,630	69,534,754	43,733,104	10,765,704	-
Total Liabilities	20,533,200	28,830,742	61,565,167	7,669	20,990,873	73,027,841	45,161,052	11,129,331	9,978,271
Net Position									
Net Investment in Capital Assets	-	-	-	2,279,971	-	-	-	-	8,722,492
Restricted:									
Future Repairs and Replacements of Real Property	-	-	-	-	-	1,717,920	-	-	-
Unrestricted	132,868	4,631,110	1,962,560	363,597	288,265	4,742,655	667,925	809,909	(9,977,684)
Total Net Position	$ 132,868	$4,631,110	$1,962,560	$ 2,643,568	$ 288,265	$6,460,575	$ 667,925	$ 809,909	$(1,255,192)

Oconee Entity	O'Malley's Entity	PAC Entity	Rutherford Entity	Spring Entity	Terry Entity	Total Blended Component Units	Real Estate Foundation	Total
$ 23,995	$ 641,736	$1,171,448	$ 1,228,583	$ 20,040	$ -	$ 20,602,666	$ 3,639,644	$ 24,242,310
8,516,222	-	-	-	-	-	19,518,685	754	19,519,439
-	-	15,001,052	13,359,307	-	-	274,498,641	11,259,680	285,758,321
8,540,217	641,736	16,172,500	14,587,890	20,040	-	314,619,992	14,900,078	329,520,070
-	-	-	-	-	-	12,908,125	-	12,908,125
23,995	2,293	536,016	634,857	-	-	11,765,493	483,406	12,248,899
-	-	-	-	-	-	9,978,271	(9,978,271)	-
8,516,222	-	14,697,938	13,604,461	-	-	287,496,164	1,164,247	288,660,411
8,540,217	2,293	15,233,954	14,239,318	-	-	309,239,928	(8,330,618)	300,909,310
-	-	-	-	-	-	11,002,463	754	11,003,217
-	-	-	-	-	-	1,717,920	-	1,717,920
-	639,443	938,546	348,572	20,040	-	5,567,806	23,229,942	28,797,748
$ -	$ 639,443	$ 938,546	$ 348,572	$ 20,040	$ -	$ 18,288,189	$ 23,230,696	$ 41,518,885

Note 13—Condensed component unit information (continued)

The condensed component units' statements of net position as of June 30, 2015, are shown below:

	Bolton Entity	Carlton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity	Fraternity Row Entity
Assets									
Current Assets	$1,184,851	$ 45,090	$2,975,650	$1,486,206	$ 475,200	$1,785,099	$4,870,829	$2,100,472	$ 885,994
Capital Assets	-	-	-	-	2,394,294	-	-	-	-
Other Noncurrent Assets	19,746,274	-	29,353,475	55,885,420	-	18,442,838	73,522,728	44,405,031	11,124,640
Total Assets	20,931,125	45,090	32,329,125	57,371,626	2,869,494	20,227,937	78,393,557	46,505,503	12,010,634
Deferred Outflows of Resources									
Deferred Loss on Refundings	-	-	1,198,109	-	-	1,514,895	3,183,208	-	-
Liabilities									
Current Liabilities	655,416	-	1,496,480	2,149,897	7,446	845,080	3,405,628	1,389,110	354,043
Due to/from Related Entities	-	-	-	-	-	-	-	-	-
Noncurrent Liabilities	20,394,776	-	28,570,940	52,704,883		20,948,095	72,432,590	44,797,315	11,006,535
Total Liabilities	21,050,192	-	30,067,420	54,854,780	7,446	21,793,175	75,838,218	46,186,425	11,360,578
Net Position									
Net Investment in Capital Assets	-	-	-	-	2,394,294	-	-	-	-
Restricted: Future Repairs and Replacements of Real Property	-	-	-	-	-	-	1,376,886	-	-
Unrestricted	(119,067)	45,090	3,459,814	2,516,846	467,754	(50,343)	4,361,661	319,078	650,056
Total Net Position	$ (119,067)	$ 45,090	$3,459,814	$2,516,846	$ 2,862,048	$ (50,343)	$5,738,547	$ 319,078	$ 650,056

Hardin Entity	Oconee Entity	O'Malley's Entity	PAC Entity	Rutherford Entity	Spring Entity	Terry Entity	Total Blended Component Units	Real Estate Foundation	Total
$ 1,460	$ 23,995	$ 1,328,519	$1,060,915	$ 1,096,135	$ 22,846	$4,651,768	$ 23,995,029	$ 14,182,636	$ 38,177,665
8,722,492	8,516,222	-	-	-	-	-	19,633,008	2,084	19,635,092
-	-	10,981,883	15,349,745	13,906,184	-	-	292,718,218	-	292,718,218
8,723,952	8,540,217	12,310,402	16,410,660	15,002,319	22,846	4,651,768	336,346,255	14,184,720	350,530,975
-	-	-	-	-	-	-	5,896,212	-	5,896,212
-	8,540,217	744,378	526,675	625,361	-	4,651,768	25,391,499	443,876	25,835,375
9,913,721	-	-	-	-	-	-	9,913,721	(9,913,721)	-
-	-	9,733,230	15,097,234	14,258,703	-	-	289,944,301	1,347,568	291,291,869
9,913,721	8,540,217	10,477,608	15,623,909	14,884,064	-	4,651,768	325,249,521	(8,122,277)	317,127,244
8,722,492	-	-	-	-	-	-	11,116,786	2,084	11,118,870
-	-	-	-	-	-	-	1,376,886	-	1,376,886
(9,912,261)	-	1,832,794	786,751	118,255	22,846	-	4,499,274	22,304,913	26,804,187
$(1,189,769)	$ -	$ 1,832,794	$ 786,751	$ 118,255	$ 22,846	$ -	$ 16,992,946	$ 22,306,997	$ 39,299,943

Note 13—Condensed component unit information (continued)

The condensed component units' statements of revenues, expenses, and changes in net position for the year ended June 30, 2016, are shown below:

	Bolton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity	Fraternity Row Entity
Operating Revenues								
Rental Income	$ 83,200	$ 40,000	$ 102,210	$ 89,352	$ 50,000	$ 399,000	$ 151,382	$ 80,000
Capital Lease Interest Income	1,120,690	2,164,576	3,128,284	-	1,145,067	4,340,794	2,571,658	834,047
Total Operating Revenues	1,203,890	2,204,576	3,230,494	89,352	1,195,067	4,739,794	2,723,040	914,047
Operating Expenses								
General and Administrative Expenses	-	-	-	-	-	-	-	-
General Operating Depreciation Expense	-	-	-	-	-	-	-	-
Project Operating Expenses	78,527	302,376	113,798	191,200	102,888	1,052,173	117,092	54,003
Project Operating Depreciation Expense	-	-	-	114,323	-	-	-	-
Total Operating Expenses	78,527	302,376	113,798	305,523	102,888	1,052,173	117,092	54,003
Operating Income (Loss)	1,125,363	1,902,200	3,116,696	(216,171)	1,092,179	3,687,621	2,605,948	860,044
Non-Operating Revenues (Expenses)								
Interest Expense, net	(876,023)	(1,134,111)	(3,674,717)	-	(755,862)	(2,969,136)	(2,261,292)	(702,319)
Other Non-Operating Revenues (Expenses)	2,595	7,608	3,735	(2,309)	2,291	3,543	4,191	2,128
Total Non-Operating Revenues (Expenses)	(873,428)	(1,126,503)	(3,670,982)	(2,309)	(753,571)	(2,965,593)	(2,257,101)	(700,191)
Change in Net Position	251,935	775,697	(554,286)	(218,480)	338,608	722,028	348,847	159,853
Net Position								
Beginning of Year	(119,067)	3,459,814	2,516,846	2,862,048	(50,343)	5,738,547	319,078	650,056
Contributed Capital	-	395,599	-	-	-	-	-	-
Dividends Received (Paid)	-	-	-	-	-	-	-	-
End of Year	$ 132,868	$4,631,110	$1,962,560	$ 2,643,568	$ 288,265	$6,460,575	$ 667,925	$ 809,909

Hardin Entity	Oconee Entity	O'Malley's Entity	PAC Entity	Rutherford Entity	Spring Entity	Terry Entity	Total Blended Component Units	Real Estate Foundation	Total
$ -	$ 287,935	$ 12,000	$ 80,004	$ 63,274	$ 120	$ -	$ 1,438,477	$ 2,400,052	$ 3,838,529
-	-	233,514	831,030	680,465	-	-	17,050,125	-	17,050,125
-	287,935	245,514	911,034	743,739	120	-	18,488,602	2,400,052	20,888,654
-	-	-	-	-	-	-	-	758,467	758,467
-	-	-	-	-	-	-	-	1,330	1,330
65,423	200,183	17,973	72,299	38,800	2,927	-	2,409,662	1,133,694	3,543,356
-	-	-	-	-	-	-	114,323	-	114,323
65,423	200,183	17,973	72,299	38,800	2,927	-	2,523,985	1,893,491	4,417,476
(65,423)	87,752	227,541	838,735	704,939	(2,807)	-	15,964,617	506,561	16,471,178
-	(87,756)	(148,458)	(689,514)	(475,323)	-	-	(13,774,511)	(26,697)	(13,801,208)
-	4	(876,835)	2,574	701	1	-	(849,773)	398,745	(451,028)
-	(87,752)	(1,025,293)	(686,940)	(474,622)	1	-	(14,624,284)	372,048	(14,252,236)
(65,423)	-	(797,752)	151,795	230,317	(2,806)	-	1,340,333	878,609	2,218,942
(1,189,769)	-	1,832,794	786,751	118,255	22,846	-	16,947,856	22,352,087	39,299,943
-	-	-	-	-	-	-	395,599	(395,599)	-
-	-	(395,599)	-	-	-	-	(395,599)	395,599	-
$(1,255,192)	$ -	$ 639,443	$ 938,546	$ 348,572	$ 20,040	$ -	$ 18,288,189	$ 23,230,696	$ 41,518,885

Note 13—Condensed component unit information (continued)

The condensed component units' statements of revenues, expenses, and changes in net position for the year ended June 30, 2015, are shown below:

	Bolton Entity	Carlton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity
Operating Revenues								
Rental Income	$ 80,000	$ -	$ 40,000	$ 99,234	$ 86,750	$ 50,000	$ 399,000	$ 145,560
Capital Lease Interest Income	1,151,360	-	2,222,850	3,203,235	-	1,174,604	4,459,998	2,618,238
Total Operating Revenues	1,231,360	-	2,262,850	3,302,469	86,750	1,224,604	4,858,998	2,763,798
Operating Expenses								
General and Administrative Expenses	-	-	-	-	-	-	-	-
General Operating Depreciation Expense	-	-	-	-	-	-	-	-
Project Operating Expenses	75,872	13,374	245,893	116,577	155,961	102,704	679,774	110,748
Project Operating Depreciation Expense	-	-	-	-	114,323	-	-	-
Total Operating Expenses	75,872	13,374	245,893	116,577	270,284	102,704	679,774	110,748
Operating Income (Loss)	1,155,488	(13,374)	2,016,957	3,185,892	(183,534)	1,121,900	4,179,224	2,653,050
Non-Operating Revenues (Expenses)								
Interest Expense, net	(905,522)	-	(1,170,294)	(3,210,238)	-	(767,769)	(3,054,932)	(2,299,188)
Other Non-Operating Revenues (Expenses)	267	5	217	245	(5,676)	138	455	203
Total Non-Operating Revenues (Expenses)	(905,255)	5	(1,170,077)	(3,209,993)	(5,676)	(767,631)	(3,054,477)	(2,298,985)
Change in Net Position	250,233	(13,369)	846,880	(24,101)	(189,210)	354,269	1,124,747	354,065
Net Position								
Beginning of Year	(369,300)	58,459	2,612,934	2,540,947	3,051,258	(404,612)	4,613,800	(34,987)
End of Year	$ (119,067)	$ 45,090	$3,459,814	$2,516,846	$ 2,862,048	$ (50,343)	$5,738,547	$ 319,078

Fraternity Row Entity	Hardin Entity	Oconee Entity	O'Malley's Entity	PAC Entity	Rutherford Entity	Spring Entity	Terry Entity	Total Blended Component Units	Real Estate Foundation	Total
$ 80,000	$ -	$ 292,580	$ 36,000	$ 80,004	$ 60,840	$ 120	$ -	$ 1,450,088	$ 1,619,190	$ 3,069,278
846,569	-	-	723,915	848,211	704,436	-	-	17,953,416	-	17,953,416
926,569	-	292,580	759,915	928,215	765,276	120	-	19,403,504	1,619,190	21,022,694
-	-	-	-	-	-	-	-	-	760,779	760,779
-	-	-	-	-	-	-	-	-	1,726	1,726
55,597	62,904	209,248	47,484	65,582	42,302	6,253	-	1,990,273	1,075,126	3,065,399
-	-	-	-	-	-	-	-	114,323	-	114,323
55,597	62,904	209,248	47,484	65,582	42,302	6,253	-	2,104,596	1,837,631	3,942,227
870,972	(62,904)	83,332	712,431	862,633	722,974	(6,133)	-	17,298,908	(218,441)	17,080,467
(711,658)	-	(83,332)	(455,920)	(704,634)	(486,156)	144	-	(13,849,499)	(40,876)	(13,890,375)
89	-	-	96	96	78	-	-	(3,787)	86,232	82,445
(711,569)	-	(83,332)	(455,824)	(704,538)	(486,078)	144	-	(13,853,286)	45,356	(13,807,930)
159,403	(62,904)	-	256,607	158,095	236,896	(5,989)	-	3,445,622	(173,085)	3,272,537
490,653	(1,126,865)	-	1,576,187	628,656	(118,641)	28,835	-	13,547,324	22,480,082	36,027,406
$ 650,056	$(1,189,769)	$ -	$ 1,832,794	$ 786,751	$ 118,255	$ 22,846	$ -	$ 16,992,946	$ 22,306,997	$ 39,299,943

Note 13—Condensed component unit information (continued)

The condensed component units' statements of cash flows for the year ended June 30, 2016, are shown below:

	Bolton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity	Fraternity Row Entity
Cash Flows from Operating Activities	$1,518,258	$2,665,958	$4,494,428	$ (101,625)	$1,591,112	$ 5,522,094	$3,444,501	$1,035,371
Cash Flows from Investing Activities	2,595	7,608	3,735	(2,309)	2,291	3,543	4,191	2,128
Cash Flows from Capital and Related Financing Activities	(1,393,293)	(2,300,226)	(4,367,039)	-	(1,480,311)	(5,490,474)	(3,287,170)	(933,566)
Cash flows from noncapital financing activities	-	395,599	-	-	-	-	-	-
Net Change in Cash and Cash Equivalents	127,560	768,939	131,124	(103,934)	113,092	35,163	161,522	103,933
Cash and Cash Equivalents Beginning of Year	792,235	2,209,955	1,260,737	475,200	1,286,166	10,155,745	1,262,424	710,668
End of Year	$ 919,795	$2,978,894	$1,391,861	$ 371,266	$1,399,258	$10,190,908	$1,423,946	$ 814,601

Hardin Entity	Oconee Entity	O'Malley's Entity	PAC Entity	Rutherford Entity	Spring Entity	Terry Entity	Total Blended Component Units	Real Estate Foundation	Total
$ (65,423)	$ 87,752	$ 313,986	$1,169,304	$ 1,226,692	$ (2,807)	$ 1,126,714	$ 24,026,315	$ 354,737	$ 24,381,052
-	4	90	2,574	701	1	-	27,152	(10,856,361)	(10,829,209)
64,550	(87,756)	(1,798)	(1,079,469)	(1,120,069)	-	(1,126,714)	(22,603,335)	(742,513)	(23,345,848)
-	-	(395,599)	-	-	-	-	-	-	-
(873)	-	(83,321)	92,409	107,324	(2,806)	-	1,450,132	(11,244,137)	(9,794,005)
1,460	23,995	725,057	730,346	574,381	22,846	-	20,231,215	14,684,130	34,915,345
$ 587	$ 23,995	$ 641,736	$ 822,755	$ 681,705	$ 20,040	$ -	$ 21,681,347	$ 3,439,993	$ 25,121,340

Note 13—Condensed component unit information (continued)

The condensed component units' statements of cash flows for the year ended June 30, 2015, are shown below:

	Bolton Entity	Carlton Entity	CCRC Entity	Central Precinct Entity	Cortona Foundation	Coverdell Entity	EC Housing Entity	EC Housing Phase II Entity
Cash Flows from Operating Activities	$5,349,707	$ (13,374)	$2,724,378	$4,543,074	$ (67,154)	$1,591,296	$ 5,894,226	$3,445,002
Cash Flows from Investing Activities	267	5	217	245	(5,676)	138	455	203
Cash Flows from Capital and Related Financing Activities	(9,737,507)	-	(2,295,973)	(4,412,240)	-	(1,481,863)	(5,502,943)	(3,285,519)
Net Change in Cash and Cash Equivalents	(4,387,533)	(13,369)	428,622	131,079	(72,830)	109,571	391,738	159,686
Cash and Cash Equivalents Beginning of Year	5,179,768	58,459	1,781,333	1,129,658	548,030	1,176,595	9,764,007	1,102,738
End of Year	$ 792,235	$ 45,090	$2,209,955	$1,260,737	$ 475,200	$1,286,166	$10,155,745	$1,262,424

Fraternity Row Entity	Hardin Entity	Oconee Entity	O'Malley's Entity	PAC Entity	Rutherford Entity	Spring Entity	Terry Entity	Total Blended Component Units	Real Estate Foundation	Total
$1,033,777	$ (60,713)	$ 80,956	$ 1,280,353	$1,176,022	$ 1,220,757	$ (6,133)	$(2,032,363)	$ 26,159,811	$ 352,701	$ 26,512,512
89	-	-	96	96	78	-	-	(3,787)	86,232	82,445
(937,780)	61,050	(83,332)	(1,073,941)	(1,074,418)	(1,117,554)	144	2,032,363	(28,909,513)	(188,999)	(29,098,512)
96,086	337	(2,376)	206,508	101,700	103,281	(5,989)	-	(2,753,489)	249,934	(2,503,555)
614,582	1,123	26,371	518,549	628,646	471,100	28,835	-	23,029,794	14,389,106	37,418,900
$ 710,668	$ 1,460	$ 23,995	$ 725,057	$ 730,346	$ 574,381	$ 22,846	$ -	$ 20,276,305	$ 14,639,040	$ 34,915,345