GEORGIA TECH FOUNDATION, INC.

Consolidated Financial Statements

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

GEORGIA TECH FOUNDATION, INC.

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KPMG LLP
Suite 2000
303 Peachtree Street, N.E.
Atlanta, GA 30308-3210

Independent Auditors' Report

The Board of Trustees
Georgia Tech Foundation, Inc.:

We have audited the accompanying consolidated financial statements of Georgia Tech Foundation, Inc. and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Georgia Tech Foundation, Inc. and its subsidiaries as of June 30, 2018 and 2017, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Atlanta, Georgia
September 19, 2018

GEORGIA TECH FOUNDATION, INC.

Consolidated Statements of Financial Position

June 30, 2018 and 2017

(In thousands)

Assets		**2018**	**2017**
Cash and cash equivalents	$	9,910	5,484
Restricted cash		749	2,055
Capital reserve funds (note 4)		11,008	8,802
Contributions receivable, net (notes 2 and 6)		104,635	104,179
Investments (note 3 and 10)		1,758,924	1,640,586
Other assets (note 6)		20,649	16,462
Leases receivable (note 4)		136,231	145,494
Contributions receivable from remainder trusts (note 10)		13,743	14,555
Charitable remainder trusts (note 10)		14,432	13,985
Capital assets, net (note 5)		111,683	112,110
Total assets	$	2,181,964	2,063,712
Liabilities and Net Assets			
Accounts payable	$	8,126	7,002
Commitment payable (note 6)		6,615	7,178
Lines of credit (note 7)		19,850	25,087
Bonds payable, net (note 4 and 7)		248,314	258,223
Notes payable, net (note 8)		47,325	48,113
Amounts due to life beneficiaries		15,527	16,030
Deferred revenue (note 4)		20,382	23,025
Funds held on behalf of other organizations (notes 9 and 10)		109,375	105,609
Other liabilities (note 4)		13,016	10,989
Total liabilities		488,530	501,256
Net assets:			
Unrestricted		172,436	142,012
Temporarily restricted (notes 12 and 13)		786,652	727,339
Permanently restricted (notes 12 and 13)		734,346	693,105
		1,693,434	1,562,456
Commitments (notes 3, 4, 6, 7, 8, 9, 14 and 17)			
Total liabilities and net assets	$	2,181,964	2,063,712

See accompanying notes to consolidated financial statements.

GEORGIA TECH FOUNDATION, INC.

Consolidated Statements of Activities

Years ended June 30, 2018 and 2017

(In thousands)

	2018				2017			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**	**Unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Revenues:								
Gift income	$ 7,268	33,995	39,690	80,953	5,809	41,372	39,717	86,898
Lease revenue	25,639	648	—	26,287	22,017	156	—	22,173
Investment income, net of fees	5,375	20,371	117	25,863	5,841	21,514	91	27,446
Net realized/unrealized (loss) gain on investments	24,573	94,718	561	119,852	34,412	120,694	1,103	156,209
Change in value of trusts and annuities	16	506	1,241	1,763	(1)	534	903	1,436
Other	1,426	(69)	(368)	989	1,339	74	98	1,511
Net assets released from restrictions (note 11)	90,856	(90,856)	—	—	95,862	(95,862)	—	—
Total revenues	155,153	59,313	41,241	255,707	165,279	88,482	41,912	295,673
Expenses (note 15):								
Program services	94,845	—	—	94,845	102,578	—	—	102,578
General and administrative (note 15)	21,853	—	—	21,853	18,826	—	—	18,826
Fund-raising	5,377	—	—	5,377	4,131	—	—	4,131
Loss on extinguishment of debt (note 7)	2,654	—	—	2,654	—	—	—	—
Total expenses	124,729	—	—	124,729	125,535	—	—	125,535
Change in net assets	30,424	59,313	41,241	130,978	39,744	88,482	41,912	170,138
Net assets, beginning of year	142,012	727,339	693,105	1,562,456	102,268	638,857	651,193	1,392,318
Net assets, end of year	$ 172,436	786,652	734,346	1,693,434	142,012	727,339	693,105	1,562,456

See accompanying notes to consolidated financial statements.

GEORGIA TECH FOUNDATION, INC.

Consolidated Statements of Cash Flows

Years ended June 30, 2018 and 2017

(In thousands)

		2018	2017
Cash flows from operating activities:			
Change in net assets	$	130,978	170,138
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization		4,108	4,352
Accretion/amortization of bond discount and premium and issuance costs		(1,771)	(1,066)
Loss on extinguishment of debt		2,654	—
Net realized/unrealized gain on investments		(119,852)	(156,209)
Actuarial loss on trusts and annuities		(1,763)	(1,436)
Contribution gain on noncash assets		(11,971)	(7,922)
Proceeds from gifts restricted for long-term investment		(27,846)	(21,370)
Proceeds from sale of donated securities not restricted for long-term investment		5,499	2,187
Increase in contributions receivable		(456)	(15,341)
Increase in other assets		(5,332)	(8,089)
Increase (decrease) in accounts payable		1,124	(359)
Decrease in commitment payable		(563)	(542)
Increase in other liabilities		2,027	1,654
Net cash used in operating activities		(23,164)	(34,003)
Cash flows from investing activities:			
Proceeds from the sales and maturities of investments		366,536	358,541
Purchases of investments		(356,622)	(373,625)
Increase in funds held on behalf of other organizations		3,766	7,159
Decrease in capital reserve funds		(2,206)	(566)
Proceeds from principal payments on leases receivable		6,620	6,260
Purchases of capital assets		(2,536)	(23,291)
Net cash provided by (used in) investing activities		15,558	(25,522)
Cash flows from financing activities:			
Proceeds from lines of credit		4,055	52,215
Repayments of lines of credit		(9,292)	(58,358)
Principal repayments of bonds payable		(101,445)	(10,709)
Proceeds from issuance of bonds payable		90,655	46,510
Payments of bond issuance costs		(790)	(697)
Receipt of cash from trusts		432	9,186
Payments to life income beneficiaries		(735)	(834)
Proceeds from gifts restricted for long-term investment		27,846	21,370
Changes in restricted cash		1,306	181
Net cash provided by financing activities		12,032	58,864
Increase/(decrease) in cash and cash equivalents		4,426	(661)
Cash and cash equivalents, beginning of year		5,484	6,145
Cash and cash equivalents, end of year	$	9,910	5,484
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	14,326	13,232
Noncash activities:			
Contribution of charitable trusts, annuities	$	297	1,535
Contribution of real estate		217	—
Contributions of securities		11,457	6,387
Assumption of notes payable		—	35,711
Real estate transfer from investments to capital assets		—	23,530

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Organization

The Georgia Tech Foundation, Inc. (the Foundation) was incorporated in the state of Georgia in 1932 as a not-for-profit corporation. The purposes of the Foundation are to promote higher education in the state of Georgia, to raise and receive funds for the support and enhancement of the Georgia Institute of Technology (the Institute), and to aid the Institute in its development as a leading educational institution. The Institute is a component unit of the University System of Georgia and is governed by the Board of Regents of the University System of Georgia (BOR).

(i) Wholly Owned Subsidiaries

The following organizations are all wholly owned subsidiaries of the Foundation and are included in the consolidated financial statements of the Foundation with all material intercompany accounts and transactions eliminated in consolidation:

The Georgia Tech Foundation Real Estate Holding Corporation (GTFREHC) was incorporated as a not-for-profit corporation in 1990 to hold title to real estate and similar property donated to the Foundation.

The Georgia Tech Foundation Funding Corporation (GTFFC) was incorporated as a not-for-profit corporation in 2000 to serve as the borrower of a portion of Foundation debt.

The Fifth Street Hotel, LLC was formed as a single member limited liability corporation in 2002 to serve as the holder of the land and building for the Georgia Tech Hotel and Conference Center, the activities of which are subject to unrelated business income tax.

Technology Square, LLC was formed as a single member limited liability corporation in 2002 to serve as the holder of all other land and buildings of the Technology Square project, which are leased to the BOR and to a third party.

Cypress Academy LLC was formed as a single member limited liability corporation in 2009 to serve as the holder of land near the Institute’s campus.

Georgia Tech Foundation Properties, LLC was formed as a single member limited liability corporation in 2013 to receive and manage gifts of real estate property.

Biltmore Technology Square LLC was formed as a single member limited liability corporation in 2016 to serve as the holder of land, an office building, and a parking deck, known as the Biltmore, the activities of which are subject to unrelated business income tax.

GTF 1052, LLC was formed as a single member limited liability corporation in 2017 to serve as the holder of a building and land near the Institute’s campus.

(ii) Affiliated Organizations

The following organizations, while independent from and not controlled by the Foundation, are affiliated with the Institute and are involved in one or more financial transactions with the Foundation and may have one or more common directors, trustees, or officers:

Georgia Tech Facilities, Inc. (Facilities) is a not-for-profit corporation formed to oversee and obtain financing for specified construction projects for the Institute.

The Georgia Tech Athletic Association (GT Athletic Association) is a not-for-profit corporation that operates the intercollegiate athletic program of the Institute.

The Georgia Tech Alumni Association (GT Alumni Association) is a not-for-profit affiliate of the Institute organized to serve the needs of the Institute and alumni of the Institute.

Georgia Tech Global, Inc. (GT Global) is a not-for-profit affiliate of the Institute organized to foster and support the global educational and scientific research and economic development activities of the Institute.

Georgia Advanced Technology Ventures (GATV) is a not-for-profit corporation, affiliated with the Institute, focused on technology, commercialization, economic development, and real estate development. GATV provides support for technology transfer and economic activities of the Institute.

Transactions with these affiliated organizations are described in notes 4, 6, 7, 9, 11, 15, 16, and 17.

(b) Basis of Presentation

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting under the financial reporting framework of the Financial Accounting Standards Board (FASB). The Foundation is a nongovernmental not-for-profit corporation.

(c) Classification of Net Assets

The Foundation’s net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets are not subject to donor-imposed or time restrictions. Net assets included in this class include unrestricted revenues, gains and contributions and board-designated endowment funds.

Temporarily Restricted Net Assets are subject to donor-imposed or time restrictions. Net assets included in this class include gifts for restricted purposes and earnings on donor-restricted endowment funds.

Permanently Restricted Net Assets are subject to donor-imposed restrictions requiring that the net assets be maintained permanently by the Foundation. Realized and unrealized losses on permanently restricted endowment funds first reduce appreciation accumulated in temporarily restricted net assets and then, to the extent necessary, reduce unrestricted net assets. To the extent that losses in an endowment fund reduce temporarily restricted and unrestricted net assets, net assets in these categories will be restored from any future gains of the endowment fund.

(d) Fair Value of Financial Instruments

Cash equivalents, restricted cash, capital reserve funds, and accounts payable are carried at amounts that approximate their fair value due to the short-term nature of these instruments. Commitments payable and lines of credit are carried at the amount owed, which approximates fair value. Contributions receivable are estimated by discounting expected future cash flows at risk adjusted market interest rates, which approximate fair value at the time of the gift. See notes 1(i), 9 and 10, regarding investments, charitable remainder trusts, and funds held on behalf of other organizations for disclosures regarding fair value.

(e) Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. This excludes short-term cash investments that may be held by investment managers for future investments and capital reserve funds.

(f) Capital Reserve Funds

The Foundation classifies payments received for the purpose of capital replacement for the Campus Recreation Center, Technology Square and the Georgia Tech Hotel and Conference Center as a capital reserve fund (note 4). The assets of the fund are held pursuant to the related lease agreements and are invested in short-term investments and highly liquid debt securities. In addition, the Foundation classifies amounts held in escrow related to capital improvements as required by the Biltmore note payable (note 8) as capital reserve funds.

(g) Restricted Cash

A portion of the proceeds from the issuances of the 2017 and 2017B bonds (note 7) are required to be held by the Foundation as restricted cash to fund capitalized interest and costs of issuance. In addition, a portion of the balance consists of amounts held by the Foundation in escrow for payment of insurance and taxes as required by the note payable associated with the loan assumption of the Biltmore (note 8).

(h) Contributions Receivable, Net

The Foundation records commitments from donors to make future contributions, recognizing these unconditional promises to give as revenue in the period the commitments are made, discounted to their present value at a risk adjusted market interest rate. An allowance for uncollectible contributions receivable is provided based upon management’s judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors.

(i) Investments

Investments consist predominantly of marketable securities, privately held limited partnerships, and real estate. Investments in equity securities with readily determinable fair values and all investments in

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debt securities are reported at fair value with realized and unrealized gains and losses included in the consolidated statements of activities.

Donated gifts of securities are recorded based on estimated fair value at the date the donation is received. Investment income, gains, and losses are presented in the accompanying consolidated statements of activities net of investment fees. Pooled investment earnings and related expenses are allocated on a quarterly basis to each individual fund based on the pro rata market value of each fund's investment balance and in accordance with any donor restrictions.

Investments in private partnership interests are valued using the net asset value (NAV) provided by the general partner as of June 30 of each fiscal year. The change in net assets related to partnership interests is presented as realized and unrealized gain and loss based upon the estimated fair value of each partnership as determined by the general partner. General partners of partnerships that invest in privately held companies (such as leveraged buyout and venture capital funds) typically value their assets at cost as adjusted based on recent arm's-length transactions. Partnerships investing in public companies use quoted market prices and exchange rates for the underlying assets, if applicable. General partners of marketable alternative investments provide values based on quoted market prices and exchange rates for publicly held securities and valuation estimates of derivative instruments. General partners of oil and gas partnerships, real estate partnerships, and similar funds value their assets based on periodic appraisals conducted by third-party appraisers. The Foundation uses NAV per share or its equivalent as a practical expedient to estimate fair value, although NAV in many instances may not equal fair value. The NAV per share or its equivalent was applied to certain investments that do not have readily determinable fair values, including hedge funds, private equity, real estate, and natural resources. Valuation processes and methodologies utilized by the general partners and investment managers are reviewed by Foundation management.

(j) Charitable Remainder Trusts

The Foundation has been named the beneficiary of cash and property under charitable remainder trust, charitable lead trust, and charitable gift annuity agreements. For trusts where the Foundation is the trustee, assets are recorded at their fair values when received and an annuity payment liability is recognized at the present value of future cash flows expected to be paid to the donor or other designee. This liability is estimated by the Foundation using actuarial assumptions and the Internal Revenue Service discount rate at the time of the donation. For charitable remainder trust agreements where the Foundation is not the trustee, a contribution receivable is recorded based on the present value of estimated future distributions expected to be received over the term of the agreement. A discount rate commensurate with the risk involved is estimated as of June 30 of each fiscal year.

(k) Capital Assets

Capital assets are stated at cost at the date of acquisition less accumulated depreciation. The Foundation capitalizes interest cost as a component of construction in progress. Depreciation is provided on a straight-line basis over the useful lives of the assets, which range from 3 to 50 years. Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash

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flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(l) Endowment

(i) Interpretation of Relevant Law

The Foundation management has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2008 (UPMIFA or the Act) as providing, among other things, expanded spending flexibility by allowing, subject to a standard of prudence, the institution to spend from an endowment fund without regard to the book value of the corpus of the fund. This flexibility under UPMIFA allows an expenditure that lowers the value of the corpus of an endowment fund below its book value, which was previously not allowed. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Foundation
7. The investment policies of the Foundation.

(m) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the determination of fair value of certain investments without readily-determinable fair values, the allowance for contributions receivable, and the assumptions made in recording liabilities to life beneficiaries.

(n) Tax Status

The Foundation and GTFFC are recognized as organizations exempt from federal income tax under Section 501(a) as an entity described in Section 501(c)(3) of the U.S. Internal Revenue Code, except for taxes on income from activities unrelated to its exempt purpose. GTFREHC is exempt from federal income tax under Section 501(a) as an entity described in Section 501(c)(2) of the U.S. Internal Revenue Code. The single member LLCs are disregarded for tax purposes.

(o) Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, establishing Accounting Standards Committee Topic 606, *Revenue from Contracts with Customers*. ASU No. 2014-09 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most of the existing revenue recognition guidance. ASU No. 2014-09 requires an entity to recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to receive in exchange for those goods or services and also requires certain additional disclosures. The new standard is effective for annual periods in fiscal years beginning after December 15, 2017 (as amended in August 2015 by ASU No. 2015-14, *Deferral of the Effective Date*) and the Foundation is permitted to adopt the standard using a retrospective transition method or a cumulative effect method. Early adoption is permitted. The Foundation will adopt the standard during fiscal year 2019. The Foundation has not yet determined the impact of the new standard on its current policies.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities* (ASU 2016-01). ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The ASU is effective for not-for-profit entities for fiscal years beginning after December 15, 2018, with early adoption restricted to certain provisions and within certain time periods. Under the ASU, not-for-profit and private entities are no longer required to disclose fair value information concerning financial instruments measured at amortized cost such as long-term debt. This provision of ASU 2016-01 may be early adopted for financial statements, which have not yet been issued or made available for issuance. The Foundation early adopted this provision of ASU 2016-01 in fiscal year 2016. The Foundation will adopt the remaining provisions that are not allowed to be early adopted during fiscal year 2020. The Foundation has not yet determined the impact of the new standard on its current policies.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02). The amendments in ASU 2016-02 create FASB ASC Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under ASC Topic 840. The ASU is effective for all business entities for fiscal years beginning after

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(Dollars in thousands)

December 15, 2018. The Foundation will implement the provisions of ASU 2016-02 during fiscal year 2020. The Foundation has not yet determined the impact of the new standard on its current policies for lessee accounting.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit-Entities*. ASU No. 2016-14 (1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; and (3) required quantitative and qualitative disclosures about liquidity and availability of financial assets. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Foundation will implement the provisions of ASU No. 2016-14 during fiscal year 2019. The Foundation has not yet determined the impact of the new standard on its current policies.

(2) Contributions Receivable, Net

Contributions receivable, which represent unconditional promises from donors, are due as follows:

		2018	2017
Within one year	$	24,197	14,574
One to five years		94,357	93,124
More than five years		2,104	15,000
Gross contributions receivable		120,658	122,698
Less allowance for uncollectible contributions		(8,508)	(8,619)
Less present value component		(7,515)	(9,900)
Net contributions receivable	$	104,635	104,179

Contributions receivable for current year gifts are initially measured at fair value in the year the receivable is recorded based on the present value of future cash flows discounted at a rate commensurate with risks involved, which is an application of the income approach. Current year gifts included in contributions receivable reflected at fair value at June 30, 2018 and 2017 were $22,369 and $39,402, respectively.

The discount rates used to calculate the present value component range from 2.39% to 6.09%.

The consolidated financial statements do not include conditional pledges, expectancies, and bequests that have not been recognized as revenue. These undiscounted amounts totaled $450,141 and $439,815 at June 30, 2018 and 2017, respectively. The Foundation's allowance for uncollectible contributions is estimated by using past collections of contributions receivable as an indication of future collections. At June 30, 2018 and 2017, the four largest outstanding donor pledge balances represented 52% and 58%, respectively, of the Foundation's gross contribution receivable.

(Dollars in thousands)

(3) Investments

Investments at June 30, 2018 and 2017 are summarized as follows:

	Fiscal year 2018		Fiscal year 2017	
	Percentage	Amount	Percentage	Amount
Cash and cash equivalents (a)	2.3 %	$ 40,579	2.8 %	$ 45,733
Domestic equities (b)	21.0	369,301	20.4	335,342
International equities (b)	20.6	362,751	21.7	355,661
Bonds and bond funds (c)	9.5	167,846	9.7	158,319
Hedge funds (d):				
Long-short funds	8.8	154,127	9.9	162,640
Multi-strategy funds	12.5	219,602	11.6	190,537
Private equities (e):				
Buyout funds	5.2	90,803	4.6	76,439
Venture funds	9.2	162,577	8.6	141,203
Distressed securities funds	2.3	40,487	2.6	42,220
Real estate and real estate funds (f)	3.2	55,820	3.5	57,262
Natural resources (e)	5.4	95,031	4.6	75,230
	100.0 %	$ 1,758,924	100.0 %	$ 1,640,586

(a) This category includes assets that are cash or readily convertible to cash, such as money market funds.

(b) This category includes investments in funds that take long positions in publicly traded equity securities. Approximately, 50% of the investments are in U.S. companies and 50% are in non-U.S. companies. A range of styles, market caps, and geographic focuses is included. The public nature of the securities makes this category very liquid.

(c) This category includes investments in funds that take primarily long positions in corporate bonds, senior loans, private loans, government bonds, and long and short positions in derivatives thereof. It also includes one fund in fiscal year 2018, representing 16% of the category, that invests in both long and short fixed income securities.

(d) This category includes investments in hedge funds that take long and short positions primarily in equity securities, credit securities, index derivatives, and event driven situations. Managers vary in style, market cap focus, geographic focus, sectors of focus, and types of securities, with some having considerable flexibility in each of these areas. The funds also vary in net long/short positioning with most equity funds generally maintaining a low net and little or no leverage. Most credit funds generally maintain a moderate net long position and little or no leverage.

(e) This category includes private equity funds that provide growth equity or take full ownership of the companies in which they invest. Venture funds take significant ownership positions in start up or early stage companies largely in the technology or healthcare spaces. These are private investments, including natural resource investments, that cannot be redeemed since the investment is distributed as the underlying investments are liquidated, which generally takes four to eight years. There are currently no plans to sell any of these investments prior to their liquidation so the assets are carried at NAV as estimated by the fund manager.

(f) This category includes investments in direct real estate investments and real estate equity funds. Direct investments in real estate include investments in land and buildings purchased in the midtown Atlanta, Georgia area. These direct investments are acquired with equity from the investment portfolio and financed with debt under certain parameters approved by the Board of Trustees. The investments in real estate equity funds take ownership of properties ranging from office, retail, multifamily, land, and hotel. These are investments that cannot be redeemed since the investment is distributed as the underlying investments are liquidated, which generally takes 5–10 years. There are currently no plans to sell any of these investments prior to their liquidation so the assets are carried at NAV as estimated by the manager.

The Foundation has investments, as a limited partner, in 144 and 142 partnerships at June 30, 2018 and 2017, respectively. These partnerships invest in a wide variety of assets, including international equities, venture capital, buyout funds, distressed securities, real estate, fixed income, and diversifying strategies. At June 30, 2018, the Foundation's largest ownership interest in a single partnership was 9.7% of that partnership's assets. The Foundation's ownership interest was 7.4% or less for the remaining partnerships. No individual partnership investment exceeds 1.3% of the Foundation's assets and no manager controlled partnerships having more than 1.6% of the Foundation's assets. The values of the Foundation's partnership investments as furnished by the general partners are reviewed by Foundation management, and management believes the values shown at June 30, 2018 and 2017 are reasonable.

The Foundation's investments are exposed to several risks, such as changes in interest rates, currency fluctuations, market fluctuations, credit risks, and risks associated with the geographic concentration of direct ownership of real estate investments. Changes in financial markets occur daily and it is quite likely that changes in the carrying values of investments will occur. Such changes could materially affect the amounts reported in the Foundation's consolidated financial statements.

The limitations and restrictions on the Foundation's ability to redeem or sell hedge funds and private investments vary by investment. Notice periods are required for hedge funds. Private investments typically have specified terms at inception (generally 8–10 years) (note 10). Distributions from each private investment will be received as the underlying investments of the funds are liquidated by the general partner. As of June 30, 2018, management estimates the average remaining life of the private investments is approximately four years.

(Dollars in thousands)

As of June 30, 2018 and 2017, the Foundation's remaining outstanding commitments to private investments, which are projected to be paid over the succeeding six years, totaled $265,723 and $275,041, respectively, in the following investment strategies:

		2018	2017
Private equities:			
Venture capital	$	58,859	67,373
Buyout		72,384	74,677
Distressed securities		42,786	33,795
Real estate		61,260	49,912
Natural resources		30,434	49,284
	$	265,723	275,041

Investments in private equity, natural resources, and real estate funds are generally made through limited partnerships. Under the terms of these partnership agreements, the Foundation is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the general partner. These partnerships have a limited existence and under such agreements may provide for annual extensions for the purpose of disposing portfolio positions and returning capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, or other factors, the general partner may extend the terms or request an extension of terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. The Foundation cannot anticipate such changes because they are based on unforeseen events. As a result, the timing of future capital calls or distributions in any particular year are not certain.

The Foundation charges investment accounts an administrative fee for general overhead costs incurred in connection with the support and management of its investment funds. During 2018 and 2017, the Foundation charged an administrative fee, which is based on a percentage of the 12-quarter trailing average market value of endowment funds, totaling $9,780 and $8,675, respectively.

(4) Leases

(a) Capital Leases

(i) Campus Recreation Center Lease

In support of the Institute, the Foundation borrowed funds and constructed and placed into service the Campus Recreation Center (CRC) in 2004. It then leased the Facility to the BOR under an annual lease that expires on February 28 of each year but is renewable on a year-by-year basis at the option of the BOR until 2031. Under the terms of the lease, payments are not to exceed $4,000 annually and are used to retire the related debt incurred by the Foundation and provide for a capital replacement reserve. The likelihood of the BOR's failure to exercise its renewal options through 2031 has been determined to be remote, and thus, a lease receivable has been recorded totaling $33,329 and $35,635 as of June 30, 2018 and 2017, respectively. The debt outstanding on the

Series 2011A, Series 2011B Bonds and the CRC portion of 2017B Bonds (collectively, the CRC Bonds) totaled $30,380 and $33,595 as of June 30, 2018 and 2017, respectively.

In November 2011, the Foundation refunded the Series 2001A Bonds with the proceeds from the Series 2011A Bonds, which resulted in additional debt service requirements (note 7). The rental payments under the lease were increased in 2012 to provide additional rental amounts to pay the additional debt service requirement. The amount of the lease receivable is equal to the net present value of total lease payments to be received, discounted at 3.51% annually, which is the Foundation's total interest cost of the CRC Bonds. The Foundation recorded a corresponding deferred revenue liability, representing the revenue to be recognized in future periods from the lease as a result of the additional debt service requirement. The revenue is recognized at a constant periodic rate of return consistent with the amortization of interest cost over the term of the related debt. The deferred revenue balance related to the CRC lease was $5,168 and $5,900 as of June 30, 2018 and 2017, respectively.

The annual lease payments, including payments to the capital replacement reserve for 2019 through 2030, range from $3,613 to $3,621, and for 2031, it is $2,000. The payments for the capital replacement reserve for 2019 through 2030 range from $306 to $307.

The Foundation leases from the BOR the land on which the CRC is located under a 30-year lease, expiring 2031. Upon full payment of the debt incurred by the Foundation to construct the CRC, the ground lease terminates and the CRC will be transferred to the BOR by the Foundation.

(ii) *Technology Square Lease*

During 2004, in support of the Institute, the Foundation borrowed funds and constructed a development on campus, on land the Foundation owned, known as Technology Square. It then leased the Facilities and land to the BOR pursuant to an annual lease, which expires on June 30 of each year but is renewable on a year-by-year basis at the option of the BOR until 2032. The likelihood of the BOR's failure to exercise its renewal options through 2032 has been determined to be remote and thus, the Foundation has recorded a lease receivable in the amount of $102,902 and $109,859 as of June 30, 2018 and 2017, respectively. Upon retirement of the Technology Square debt, the ownership of the land and improvements to the property, with the exception of the Georgia Tech Hotel and Conference Center, which is not leased to the BOR, will be gifted to the BOR at no cost.

During 2015, the Institute and the Foundation amended the Technology Square lease to allow the Foundation to retain ownership of the retail space within the Georgia Tech Hotel and Conference Center and not gift the retail space to the BOR upon retirement of the Technology Square debt. Instead, the fourth floor of the Economic Development Building will be included with the property gifted to the BOR upon retirement of the Technology Square debt. The lease terms, including lease payments, remained unchanged with the exception of the underlying assets that will be gifted to the BOR. No gain or loss was recognized.

The lease payments are used to retire the related debt incurred by the Foundation and to provide for major replacement and renewal of the buildings. The debt outstanding on the Series 2002B, Series 2012A, Series 2012B Bonds, and the Technology Square portion of 2017B Bonds (collectively, the Technology Square Bonds), not including the debt associated with the Georgia Tech Hotel and Conference Center, totaled $91,615 and $101,165 as of June 30, 2018 and 2017, respectively.

In April 2012, the Foundation refunded the Series 2002A Bonds with the proceeds of the Series 2012A Bonds, which resulted in additional debt service requirements (note 7). The rental payments under the lease were increased in 2012 to provide additional rental amounts to pay the additional debt service requirements on the Technology Square Bonds as well as provide for a capital replacement reserve. The amount of the lease receivable is equal to the net present value of total lease payments to be received, discounted at 3.35% annually, which was the Foundation’s total interest cost in the Series 2012 Bonds. The Foundation recorded a corresponding deferred revenue liability, representing the revenue to be recognized in future periods from the lease as a result of the additional debt service requirement. The revenue is recognized at a constant periodic rate of return consistent with the amortization of interest cost over the term of the related debt. The deferred revenue related to the Technology Square lease was $15,214 and $17,125 as of June 30, 2018 and 2017, respectively.

The annual lease payments, including payments to the capital replacement reserve for 2019 through 2023 and 2024 through 2032, are $10,718 and $9,010, respectively. The payments for the capital replacement reserve for 2019 through 2032 range from $505 to $506.

(b) Operating Leases

(i) Georgia Tech Hotel and Conference Center

The Foundation leased the Georgia Tech Hotel and Conference Center to a third party in 2004. The lease is a 30-year operating lease and is automatically renewable for an additional 10 years, unless either party declines to renew. Under the lease agreement, the Foundation receives base rent, payments for capital replacement, and incentive rent. During 2018 and 2017, the Foundation received $4,400 each year in lease payments, representing base rent, from the third party; $1,083 and $1,074, respectively, in payments for capital replacement; and $369 and $403, respectively, each year in payments for incentive rent. The Foundation has debt outstanding totaling $28,055 and $29,230 as of June 30, 2018 and 2017, respectively, related to the Georgia Tech Hotel and Conference Center (note 7). The land and building are considered a capital asset of the Foundation (note 5).

(ii) Biltmore

The Foundation recognizes contractual revenues from leases on a straight-line basis over the terms of the respective leases. Future contractual rental income due from leases under noncancelable operating leases are $6,342, $5,361, $4,849, $3,694, $2,228, and $3,564 for fiscal years 2019, 2020, 2021, 2022, 2023, and thereafter, respectively.

(Dollars in thousands)

(iii) CODA

The Foundation leased approximately 2.2 acres of land adjacent to Technology Square to a third party in November 2016. The lease is a 99-year operating lease and the Foundation recognizes revenue from the lease on a straight-line basis over the term of the lease. The Foundation recognized $3,366 and $2,104 in lease income in 2018 and 2017, respectively. The Foundation recorded a rent receivable of $4,982 and $1,921 as of June 30, 2018 and 2017, respectively, which is included in other assets in the accompanying consolidated statements of financial position.

(c) Capital Reserve Funds

At June 30, 2018 and 2017, the Foundation held funds for the purpose of capital replacement for the CRC, Technology Square, the Biltmore and the Georgia Tech Hotel and Conference Center totaling $11,008 and $8,802, respectively. At June 30, 2018 and 2017, $7,558 and $6,516, respectively, of the capital reserve fund is held for the Institute for capital replacement for Technology Square and $1,283 and $822, respectively, for the CRC. These amounts are included in other liabilities in the accompanying consolidated statements of financial position. The capital reserve funds for the Biltmore totaled $47 and $130 as of June 30, 2018 and 2017, respectively. The capital reserve funds for the Georgia Tech Hotel and Conference Center totaled $2,120 and $1,334 as of June 30, 2018 and 2017, respectively.

(5) Capital Assets

The Foundation's buildings consist of the Georgia Tech Hotel and Conference Center, including the retail space within the Georgia Tech Hotel and Conference Center building (collectively, the Hotel and Conference Center), and the Biltmore. The Hotel and Conference Center is located in Technology Square on the Institute's campus and was placed into service in 2004.

During October 2016, the Foundation, through the Biltmore Technology Square, LLC, acquired the Biltmore, which is located adjacent to Technology Square. The Biltmore is a 12-story office building containing approximately 284,000 square feet of rentable space on approximately 3 acres of land and a parking deck. The property was acquired for $63,500, with the assumption of a note payable and proceeds from the 2017 bond issue (notes 7 and 8).

The Foundation's capital assets are as follows:

		June 30	
		2018	**2017**
Land	$	31,707	30,783
Buildings		91,683	90,290
Furniture and equipment		10,970	10,759
Less accumulated depreciation		(22,677)	(19,722)
Total capital assets	$	111,683	112,110

Depreciation expense totaling $2,963 and $3,590 was recognized during 2018 and 2017, respectively. The furniture and equipment are depreciated over useful lives of 3 to 10 years. The buildings are depreciated over useful lives of 40 to 50 years.

The Biltmore acquisition also included in-place leases and below-market leases totaling $4,427 and $5,464, net of $1,800 and $762 of accumulated amortization as of June 30, 2018 and 2017, respectively, and is included in other assets in the accompanying consolidated statements of financial position. Both in-place leases and below market leases for the Biltmore are amortized over six years. Total amortization for in-place leases and below market leases was $1,038 and $762 for the years ended June 30, 2018 and 2017, respectively.

(6) Commitment Payable

During 2010, the Foundation agreed to guarantee and pay, through a commitment of support, a $10,555 bond obligation (2010B Bond) issued by Facilities during 2010 to refund the 2008C Bonds that were used to finance campus construction and the purchase of campus real estate as well as to provide funds in the amount of $1,560, to terminate an interest rate swap associated with the 2008C Bonds. The bonds mature on November 1, 2027 and require mandatory principal and interest payments until maturity. At June 30, 2018 and 2017, respectively, Facilities had $6,615 and $7,178 outstanding on the 2010B Bond, including accrued interest. Foundation payments to Facilities during 2018 and 2017, to satisfy Facilities' debt service requirements, totaled $809 and $805, respectively. At June 30, 2018, amounts due in less than one year, in one to five years, and in more than five years totaled $610, $2,470, and $3,535, respectively.

In June 2002, the GTAA executed a promissory note to the Foundation for $1,080 at an interest rate of 5.07%, with payments to be made through September 1, 2027. The Foundation has recorded a related note receivable (included in other assets) for the GTAA that totals $592 and $637 as of June 30, 2018 and 2017, respectively.

In June 2004, the Foundation entered into an agreement with the GTAA, whereby the GTAA committed to pay the Foundation $137 per year as long as the Facilities' 1997A (now 2010B) Bond is outstanding. The payments received were used to pay Facilities for a portion of the commitment to fund the 2010B Bond. The payments remaining to be received total $1,305 and $1,443 as of June 30, 2018 and 2017, respectively. The Foundation has recorded a contribution receivable, discounted to give effect to the future cash flows from the GTAA, in the amount of $1,027 and $1,115, as of June 30, 2018 and 2017, respectively.

(Continued)

(Dollars in thousands)

(7) Debt

(a) Lines of Credit

Lines of credit as of June 30, 2018 and 2017 consist of the following:

Borrowing entity	Maturity	Line of credit limit	Outstanding as of June 30 2018	Outstanding as of June 30 2017
GTFFC	April 2019	$ 10,000	6,600	7,150
GTFFC	November 2018	10,000	6,600	7,150
GTFFC	June 2019	10,000	6,650	7,063
Foundation – working capital	November 2018	10,000	—	—
Foundation – working capital	June 2019	5,000	—	—
Foundation – EBB	N/A	N/A	—	3,724
			$ 19,850	25,087

The Foundation guaranteed three $10,000 lines of credit in the name of the GTFFC in 2018 and 2017. The Foundation had two lines of credit totaling $15,000 in the name of the Foundation in both 2018 and 2017. Interest is calculated using 30-day LIBOR. This resulted in an average effective interest rate of 2.64% and 1.78% at June 30, 2018 and 2017, respectively. The Foundation expects to renew each line of credit prior to expiration.

In September 2012, the Foundation approved a grant to the Institute for the construction of the Engineered Biosystems Building (EBB) on the Institute's campus for an amount not to exceed $35,500. In October 2012, the Foundation established a nonrevolving line of credit with a bank (Foundation–EBB) in the amount of $35,500 to fund the grant to the Institute for the construction of the EBB. The line of credit was renewed in October 2014 in the amount of $28,500 and was paid in full in 2018.

(Dollars in thousands)

(b) Bonds Payable

Bonds payable as of June 30, 2018 and 2017 consist of the following:

	Interest rates–fixed	Maturity (serially)	Original issue	Outstanding as of June 30 2018	2017
Campus Recreation:					
Center Bonds:					
Series 2011A – tax exempt	2.02%–3.23%	2031	$ 32,695	12,655	32,695
Series 2011B – taxable	— %	2018	9,035	—	900
Technology Square Bonds:					
Series 2002B – taxable	6.62%–6.66%	2032	73,190	45,180	48,030
Series 2012A – tax exempt	1.66%–2.36%	2032	79,500	17,335	79,500
Series 2012B – taxable	— %	2018	21,455	—	2,865
Series 2009B Bonds – taxable	5.49%–6.24%	2025	35,000	19,780	22,005
Series 2016 Bonds – taxable	2.19%–3.84%	2049	30,180	30,180	30,180
Series 2017 Bonds – taxable	1.35%–4.23%	2048	33,510	33,510	33,510
Series 2017B Bonds – tax exempt	1.76%–2.57%	2032	74,880	74,880	—
Total bonds payable, gross				233,520	249,685
Unamortized bond issuance costs				(2,274)	(2,220)
Unamortized premium				17,077	10,769
Unamortized discount				(9)	(11)
Total bonds payable, net				$ 248,314	258,223

(i) Campus Recreation Center Bonds

During May 2001, the Series 2001A Bonds were issued to provide funds to finance the costs of construction of the CRC, a facility that has been constructed on the Institute's campus. During November 2011, the Series 2011A and 2011B Bonds were issued to refund the outstanding principal amount of $36,840 of the Series 2001A Bonds, pay certain costs of issuance, and finance a portion of the termination of an interest rate swap related to the Series 2001A Bonds.

During December 2017 the Series 2017B Bonds were issued in the amount of $74,880 to refund the outstanding principal amount of the callable bonds of Series 2011A and 2012A Series Bonds and pay certain costs of issuance. The principal amount of the callable bonds refunded were $19,220 and $61,100 for the Series 2011A and 2012A bonds, respectively. In connection with the issuance of the 2017B Bonds, the Foundation incurred an accounting loss of $2,654 during 2018 related to the early extinguishment of the Series 2011A and 2012A Bonds.

The Foundation has leased the CRC to the BOR under a capital lease effective February 2001 (note 4). These bonds are not secured by any interest in the CRC, the ground lease, or the rental agreement. These bonds are general unsecured obligations of the Foundation.

The 2011A Bonds were issued with a bond premium of $4,805, which is being amortized and had a balance of $926 and $2,805 as of June 30, 2018 and 2017, respectively. Annual debt service payments, including interest related to CRC bonds for years 2019 through 2031 range from $260 to $2,607.

(ii) Technology Square Bonds

During January 2002, the Series 2002A and Series 2002B Bonds (collectively, the Series 2002 Bonds) were issued to provide funds to finance the costs of the acquisition, construction, and development on the Institute's campus known as Technology Square. Technology Square includes the Scheller College of Business building, a hotel and conference center, a global learning center, a parking deck, an economic development building, retail space, and a bookstore. During April 2012, the Foundation refunded the outstanding principal amount of $91,465 of the Series 2002A Bonds with proceeds received from the issuance of the Series 2012A Bonds. In addition, during April 2012, the Foundation borrowed $21,455 in Series 2012B Bonds to finance a portion the termination of an interest rate swap related to the Series 2002 Bonds and pay certain costs of issuance.

The Foundation leased the hotel and conference center under an operating lease to a third party in 2004. The Foundation has also leased the other components of Technology Square to the BOR, on behalf of the Institute, under a capital lease, effective July 1, 2004 (note 4). These bonds are not secured by any interest in the Technology Square development, in any rental agreement relating to the development, or in any revenue received by the Foundation from the ownership or operation of any portion of the development. These bonds are general unsecured obligations of the Foundation.

The 2012A Bond was issued with a bond premium of $12,802, which is being amortized and had a balance of $1,315 and $7,964 as of June 30, 2018 and 2017, respectively. Annual debt service payments, including interest related to the Series 2002B Bonds for the years 2019 through 2022 and 2023 through 2032 range from $5,943 to $5,948 and $4,334 to $4,345, respectively. Annual debt service payments, including interest related to the Series 2012A Bonds for years 2019 through 2022 range from $4,741 to $4,744.

(iii) Series 2009 and 2016 Bonds

In 2009, the Series 2009A and Series 2009B Bonds (collectively, the Series 2009 Bonds) were issued to provide funds to refinance a portion of the lines of credit and to refund the costs of acquisition of three properties adjacent or close to the Institute's campus. The bonds are general unsecured obligations of the Foundation.

Annual debt service payments, including interest related to the Series 2009B Bonds for years 2019 through 2025, range from $3,475 to $3,484.

In May 2016, the taxable Series 2016 Bonds (2016 Bonds) were issued for the purpose of advance refunding of the Series 2009A Bonds, funding capitalized interest, paying certain costs to issue and reimbursement to the Foundation for costs incurred for site improvements and acquisition of the CODA property. The bonds are general unsecured obligations of the Foundation. A portion of the proceeds from the issuance was required to be held as restricted cash to fund capitalized interest and costs of issuance. As of June 30, 2018 and 2017, the balance of that restricted cash was $119 and $1,156, respectively.

(Dollars in thousands)

Annual debt service payments, including interest related to the Series 2016 Bonds, for the years 2019 through 2025, 2026 through 2027, and 2028 through 2048 range from $1,042 to $1,370, $4,061 to $4,082, and $1,296 to $1,904, respectively. The debt service payment for 2049 is $617.

(iv) Series 2017 Bonds

In February 2017, the taxable Series 2017 Bonds (2017 Bonds) were issued to refund a loan, the proceeds of which were used for the acquisition of the Biltmore property, and to pay certain costs of issuance. The bonds are general unsecured obligations of the Foundation.

Annual debt service payments, including interest related to the 2017 Bonds for the years 2019 through 2048 range from $1,570 to $2,736. The annual debt service payments increase at approximately 2% per year from 2019 through 2048.

(v) Series 2017B Bonds

During December 2017, the Series 2017B Bonds were issued in the amount of $74,880 to refund the outstanding principal amount of the callable bonds of Series 2011A and 2012A Series Bonds and pay certain costs of issuance. The 2017B Bonds were issued with a bond premium of $15,775, which is being amortized and had a balance of $14,836 as of June 30, 2018. Annual debt service payments, including interest related to these bonds, for years 2019 through 2022; 2023 through 2024; 2025 through 2026; 2027 through 2031; and 2032 range from $3,744; $10,082 to $10,088; $7,941 to $7,947; $10,346 to $10,349; and $7,262, respectively.

The following represents the mandatory principal redemptions on bonds and note payable until maturity:

	Campus Recreation Center Bonds	Technology Square Bonds						
	Series 2011A	Series 2002B	Series 2012A	Series 2009B	Series 2016	Series 2017	Series 2017B	Total
Fiscal year:								
2019	$ 1,790	3,040	4,045	2,350	—	200	—	11,425
2020	1,875	3,250	4,225	2,480	—	235	—	12,065
2021	1,970	3,475	4,430	2,630	80	265	—	12,850
2022	2,070	3,710	4,635	2,800	265	300	—	13,780
2023	—	2,300	—	2,980	295	355	6,500	12,430
Thereafter	4,950	29,405	—	6,540	29,540	32,155	68,380	170,970
	$ 12,655	45,180	17,335	19,780	30,180	33,510	74,880	233,520

(Dollars in thousands)

(8) Notes Payable

	Interest rates–fixed	Maturity (serially)	Original issue	Outstanding as of June 30 2018	2017
Notes Payable:					
Biltmore	5.037 %	2024	$ 36,000	34,784	35,321
Midtown	4.750 %	2024	13,000	12,697	12,976
Total notes payable, gross				47,481	48,297
Unamortized notes payable issuance cost				(156)	(184)
Total notes payable, net				$ 47,325	48,113

(i) Biltmore Property Note Payable

In October 2016, Biltmore Technology Square, LLC entered into a loan assumption and substitution agreement with the previous borrower and assumed a note payable (Biltmore note payable) from a third party lender under terms of the existing loan agreement. Biltmore Technology Square, LLC assumed the $35,711 note with a maturity date of February 6, 2024. The Biltmore note payable is a nonrecourse loan, is secured by a first mortgage on the Biltmore property, and bears a fixed interest rate of 5.04%. The annual debt service payments total $2,329 for the years 2019 through 2023. The debt service payments total $32,399 in 2024.

(ii) Midtown Property Note Payable

In May 2017, GTF 1052, LLC entered into a loan agreement with a bank, borrowing $13,000, the proceeds to which were used to refund lines of credit, which were used for the acquisition of a property located in midtown Atlanta (Midtown property). The note is a nonrecourse loan, is secured by a first mortgage on the Midtown property, and bears a fixed interest rate of 4.75%. The loan matures on June 1, 2024. The annual debt service payments total $889 for the years 2019 through 2023. The debt service payments total $11,603 in 2024.

	Biltmore note payable	Midtown note payable
Fiscal year:		
2019	$ 590	293
2020	621	307
2021	653	322
2022	686	337
2023	722	354
Thereafter	31,512	11,084
	$ 34,784	12,697

(Dollars in thousands)

(9) Funds Held on Behalf of Other Organizations

The Foundation manages certain investments on behalf of GT Athletic Association and GT Alumni Association. These investments amount to $109,375 and $105,609 at June 30, 2018 and 2017, respectively, and are recorded in the accompanying consolidated statements of financial position as funds held on behalf of other organizations. Investment income, fees, gains, and losses earned on the funds held on behalf of the GT Athletic Association and the GT Alumni Association (GTAA funds) are allocated equitably on a quarterly basis, based on the value of GTAA funds as a share of the pooled investments. The Foundation's agreement with GT Athletic Association stipulates that a six-month notification of intent to redeem is required. The Foundation's agreement with the GT Alumni Association stipulates that a three-month notification of intent to redeem is required. The funds will be distributed to GT Athletic Association and the GT Alumni Association at the values determined by the Foundation at the end of the next quarter and after the six-month and three-month notification period, respectively.

Activity of the funds held on behalf of GT Athletic Association is as follows:

	2018	2017
Balance, beginning of year	$ 105,609	98,450
Additions	9,211	7,565
Investment income, gains, net of fees, attributable to balances	9,531	12,448
Withdrawals	(15,255)	(12,854)
Balance, end of year	$ 109,096	105,609

Activity of the funds held on behalf of the GT Alumni Association is as follows:

	2018	2017
Balance, beginning of year	$ —	—
Additions	273	—
Investment income, gains, net of fees, attributable to balances	6	—
Withdrawals	—	—
Balance, end of year	$ 279	—

(10) Fair Value Measurements

The Foundation's estimates of fair value for financial assets and liabilities are based on the framework established in the FASB ASC Topic 820, *Fair Value Measurement*. The framework is based on the inputs used in valuation and gives the highest priority to quoted prices in active markets and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the hierarchy is based on whether the significant inputs into the valuation are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest level, Level 1, is given to unadjusted quoted prices in active markets and the lowest level, Level 3, to unobservable inputs that reflect the Foundation's significant market assumptions. The three levels of the fair value hierarchy are as follows:

Level 1 – Valuations based on unadjusted quoted market prices for identical assets or liabilities in active markets that the Foundation has the ability to access at fiscal year-end.

Level 2 – Valuations based on pricing inputs that are other than quoted prices in active markets, which are either directly or indirectly observable for substantially the full term of the asset or liability; Examples include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, credit risks, default rates, loss severities, etc.) or can be corroborated by observable market data.

Level 3 – Valuations are based on unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets and liabilities. Level 3 investments primarily comprise alternative investments that do not have a liquid market at the financial reporting date. Inputs used for Level 3 may include the original transaction price, recent transactions in the same or similar market, completed or pending third-party transactions in the underlying investment or comparable issuers, and subsequent rounds of financing. When observable prices are not available, these investments are valued using one or more valuation techniques described below:

Market Approach: This approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income Approach: This approach determines a valuation by discounting cash flows.

Cost Approach: This approach is based on the principle of substitution and the concept that a market participant would not pay more than the amount that would currently be required to replace the asset.

Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported NAV.

(Dollars in thousands)

The fair value hierarchy requires the use of observable market data when available. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. The classification of assets and liabilities in the fair value hierarchy is not necessarily an indication of risks or liquidity, but is a measure of the observability of the valuation inputs.

In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

The following table presents for each level within the fair value hierarchy the Foundation's recurring fair value measurements for assets and liabilities as of June 30, 2018:

	Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Days notice
Assets:							
Cash and cash equivalents	$ 9,910	—	—	—	9,910	Daily	1
Restricted cash	749	—	—	—	749	Daily	1
Capital reserve funds	11,008	—	—	—	11,008	Daily	1
Investments:							
Cash and cash equivalents	40,579	—	—	—	40,579	Daily	1
Domestic equities	192,546	—	—	369	192,915	See note (a)	See note (a)
Domestic equities – commingled fund	176,386	—	—	—	176,386	Daily	3–5
International equities	147,905	—	—	—	147,905	Daily	3–10
International equities – commingled funds	176,013	—	—	38,832	214,845	Monthly	3–10
International equities – hedge funds	—	—	—	—	—		
Bond and bond funds	81,983	—	—	28,246	110,229	Daily	1–3
Bond and bond funds – commingled funds	—	—	—	29,288	29,288	Monthly	1
Bond and bond funds – hedge fund	—	—	—	28,329	28,329	See note (b)	See note (b)
Hedge funds	—	—	—	373,729	373,729	See note (b)	See note (b)
Private equities	—	—	—	293,867	293,867	Illiquid	N/A
Real estate and real estate funds	—	—	21,800	34,020	55,820	Illiquid	N/A
Natural resources	—	—	3,341	91,691	95,032	Illiquid	N/A
Total investments	815,412	—	25,141	918,371	1,758,924		
Contributions receivable from remainder trusts	—	13,743	—	—	13,743	N/A	N/A
Charitable remainder trusts	—	14,432	—	—	14,432	N/A	N/A
Total	$ 837,079	28,175	25,141	918,371	1,808,766		
Liability:							
Funds held on behalf of other organizations	$ —	—	109,375	—	109,375	N/A	N/A

(1) Real estate and real estate funds balance consists of one fund at fair value determined based on a combination of the income approach (direct capitalization) with a capitalization rate of 7% and sales comparison approach, with valuation range of $611 per square feet (psf) to $619 psf.

(2) Natural resources balance consists of three funds at fair value determined based on the consideration of the discounted cash flow method valuation technique and discount rate of 10%

Note (a) – Domestic Equities (June 30, 2018):

Certain investments in domestic equities have restrictions around the liquidation of those equities based on the availability of a potential buyer. The fair values of these domestic equities totaled $369. The fair value of domestic equities that are redeemable daily with a three to five day notice period totaled $192,546.

Note (b) – Hedge Funds (June 30, 2018):

Certain investments in hedge funds may be redeemed upon a 5– to 90-day notice to the fund manager and permit a monthly or quarterly exit from the fund. The fair values of these hedge funds totaled $112,221. Certain other hedge funds have semiannual or annual exit dates, which occur more than 90 days after the Foundation's fiscal year-end. The fair value of these hedge funds, with a notice and a redemption period exceeding 90 days, which could be redeemed during 2019, totals $147,088. Seven hedge funds, including one in the bond fund category, with a fair value of $142,749, contain provisions that they may be redeemed after a one-to three-year period upon notification to the fund manager.

(Dollars in thousands)

The following table presents for each level within the fair value hierarchy the Foundation's recurring fair value measurements for assets and liabilities as of June 30, 2017:

		Level 1	Level 2	Level 3		Investments measured at NAV	Total	Redemption or liquidation	Days notice
Assets:									
Cash and cash equivalents	$	5,484	—	—		—	5,484	Daily	1
Restricted cash		2,055	—	—		—	2,055	Daily	1
Capital reserve funds		8,802	—	—		—	8,802	Daily	1
Investments:									
Cash and cash equivalents		45,733	—	—		—	45,733	Daily	1
Domestic equities		174,159	—	—		330	174,489	See note (a)	See note (a)
Domestic equities – commingled fund		160,853	—	—		—	160,853	Daily	3–5
International equities		126,104	—	—		—	126,104	Daily	3–10
International equities – commingled funds		171,116	—	—		34,730	205,846	Monthly	3–15
International equities – hedge fund		—	—	—		23,711	23,711	Quarterly	60
Bond and bond funds		81,947	—	—		20,740	102,687	Daily	1–3
Bond and bond funds – commingled funds		—	—	—		28,097	28,097	Monthly	1
Bond and bond funds – hedge fund		—	—	—		27,535	27,535	See note (b)	See note (b)
Hedge funds		—	—	—		353,177	353,177	See note (b)	See note (b)
Private equities		—	—	—		259,862	259,862	Illiquid	N/A
Real estate and real estate funds		—	—	19,681	(1)	37,581	57,262	Illiquid	N/A
Natural resources		—	—	4,557	(2)	70,673	75,230	Illiquid	N/A
Total investments		759,912	—	24,238		856,436	1,640,586		
Contributions receivable from remainder trusts		—	14,555	—		—	14,555	N/A	N/A
Charitable remainder trusts		—	13,985	—		—	13,985	N/A	N/A
Total	$	776,253	28,540	24,238		856,436	1,685,467		
Liability:									
Funds held on behalf of other organizations	$	—	—	105,609		—	105,609	N/A	N/A

(1) Real estate and real estate funds balance consists of one fund at fair value determined based on a combination of the income approach (direct capitalization) with a capitalization rate of 7% and sales comparison approach.

(2) Natural resources balance consists of three funds at fair value determined based on the consideration of the discounted cash flow method valuation technique and discount rate of 10%

Note (a) – Domestic Equities (June 30, 2017):

Certain investments in domestic equities have restrictions around the liquidation of those equities based on the availability of a potential buyer. The fair values of these domestic equities totaled $330. The fair value of domestic equities that are redeemable daily with a three to five day notice period totaled $174,159.

Note (b) – Hedge Funds (June 30, 2017):

Certain investments in hedge funds may be redeemed upon a 5– to 90-day notice to the fund manager and permit a monthly or quarterly exit from the fund. The fair values of these hedge funds totaled $118,058. Certain other hedge funds have semiannual or annual exit dates, which occur more than 90 days after the Foundation's fiscal year-end. The fair value of these hedge funds, with a notice and a redemption period exceeding 90 days, which could be redeemed during 2018, totals $148,259. Seven hedge funds, including one in the bond fund category, with a fair value of $114,395, contain provisions that they may be redeemed after a one-to three-year period upon notification to the fund manager.

(Dollars in thousands)

During 2018 and 2017, the fair value of assets classified as Level 3 in the fair value hierarchy changed as follows:

		Natural resources	Real Estate
Balance at June 30, 2016	$	6,100	—
Investment earnings, net of fees		318	—
Realized and unrealized gains (losses)		(955)	—
Additions during year		—	19,681
Withdrawals during year		(906)	—
Balance as of June 30, 2017		4,557	19,681
Investment earnings, net of fees		117	—
Realized and unrealized gains (losses)		(1,123)	2,119
Additions during year		—	—
Withdrawals during year		(210)	—
Balance as of June 30, 2018	$	3,341	21,800

The portion of fair value of level 3 securities represented by net unrealized gains and (losses) was $996 and $(955) as of June 30, 2018 and 2017, respectively. No realized gain or loss activity occurred in these funds during 2018 and 2017. There were no transfers in or out of Level 3 during the year.

(Dollars in thousands)

During 2018 and 2017, the fair value of liabilities classified as Level 3 in the fair value hierarchy changed as follows:

	Funds held on behalf of other organizations
Balance at June 30, 2016	$ 98,450
Net income, earnings attributable to balances	12,448
Additions during the year	7,565
Withdrawals during the year	(12,854)
Balance at June 30, 2017	105,609
Net income, earnings attributable to balances	9,537
Additions during the year	9,484
Withdrawals during the year	(15,255)
Balance at June 30, 2018	$ 109,375

(11) Net Assets Released from Restrictions

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the acquired long-lived assets are placed in service.

(Dollars in thousands)

Net assets were released from restrictions related to accomplishing program activities for the years ended June 30, 2018 and 2017 as follows:

		2018	2017
Institute	$	90,070	95,300
GT Alumni Association		47	32
GT Athletic Association		366	309
Facilities		248	43
GT Global		125	178
Total net assets released from restrictions	$	90,856	95,862

(12) Net Assets

Temporarily restricted net assets at June 30, 2018 and 2017 are restricted for the following purposes:

		2018	2017
Accumulated appreciation on donor-restricted endowment funds	$	267,300	250,788
Academic programs		348,138	319,640
Scholarships and fellowships		119,026	108,067
Institutional support		42,685	39,999
Facilities		9,503	8,845
	$	786,652	727,339

Accumulated appreciation on donor-restricted endowment funds represents accumulated earnings on endowments for which the income is not restricted for a specific purpose by the donor. Gifts and accumulated earnings on donor-restricted endowment funds, which are restricted for certain purposes as specified by the donor, include restrictions for support of scholarship programs, academic programs, facilities, and institutional support.

Permanently restricted net assets consist of the following at June 30, 2018 and 2017:

		2018	2017
Contributions receivable	$	61,476	50,177
Trust funds held by others		8,968	10,070
Endowment funds		663,902	632,858
	$	734,346	693,105

(Dollars in thousands)

Income from permanently restricted net assets may be unrestricted for support of the Institute or may be restricted for academic programs, scholarships and fellowships, or institutional support, as per the donor's specifications.

(13) Endowment Net Assets

Endowment net assets consist of the following at June 30, 2018:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(95)	613,717	663,902	1,277,524
Board-designated endowment funds		223,454	—	—	223,454
Total endowment net assets	$	223,359	613,717	663,902	1,500,978

Endowment net assets consist of the following at June 30, 2017:

		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$	(372)	551,924	632,858	1,184,410
Board-designated endowment funds		210,903	—	—	210,903
Total endowment net assets	$	210,531	551,924	632,858	1,395,313

The Foundation's endowment consists of approximately 2,700 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Return Objectives and Risk Parameters

The primary long-term financial investment objectives are to preserve the real purchasing power of the endowment and to earn an average annual real total return of at least 5.0% per year, net of management fees, over the long term, defined as rolling five-year periods.

(Dollars in thousands)

(b) Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation utilizes a diversified asset allocation strategy designed to achieve its long-term return objectives while minimizing risk. As part of this strategy, the Foundation invests a portion of its funds in assets that have desirable return and/or diversification characteristics but which may be less liquid than other investment assets. The Foundation management constantly monitors its liquidity position to assure that it has the funds necessary to meet its obligations.

(c) Spending Policy

The Foundation has a policy of appropriating for expenditure, on an annual basis, up to 6.0% of the trailing 12-quarter average market value of its endowment funds. In 2018 and 2017, the Foundation appropriated 4.9% of the 12-quarter trailing average market value of its endowment funds. The amount appropriated for expenditure includes an administrative fee for general overhead costs incurred in connection with the support and management of its endowment funds. In addition, the Foundation expended $2,504 and $1,557 in 2018 and 2017, respectively, on its internal investment operations.

Changes in endowment net assets for the years ended June 30, 2018 and 2017 are as follows:

	2018				2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, beginning of year	$ 210,531	551,924	632,858	1,395,313	177,130	460,576	606,690	1,244,396
Investment return:								
Investment income	5,119	20,258	117	25,494	5,656	21,264	91	27,011
Lease income	162	644	—	806	—	156	—	156
Net realized/unrealized (loss) gain	24,090	94,195	561	118,846	33,620	120,188	1,103	154,911
Total investment return	29,371	115,097	678	145,146	39,276	141,608	1,194	182,078
Contributions	549	83	30,155	30,787	—	694	25,365	26,059
Other income	—	(78)	(368)	(446)	—	63	98	161
Change in value of trusts and annuities	—	171	579	750	—	142	(489)	(347)
Appropriation of endowment assets for expenditure	(17,092)	(53,480)	—	(70,572)	(5,875)	(51,159)	—	(57,034)
Endowment net assets, end of year	$ 223,359	613,717	663,902	1,500,978	210,531	551,924	632,858	1,395,313

(d) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were $95 and $372 as of June 30, 2018 and 2017, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of recent permanently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board of Trustees.

(Continued)

(Dollars in thousands)

Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

(14) Pension Plan

The Foundation has a mandatory defined contribution plan for its employees in which the employees contribute 5% of their pretax earnings and the Foundation matches the employees' contribution on a 2 to 1 basis. The funds are invested with a third-party provider in investment options chosen by the employees. During 2018 and 2017, the Foundation recognized pension expense totaling $291 and $300, respectively. The plan has a three-year cliff vesting requirement for each employee to vest in the Foundation's contribution amount. The Foundation also has a supplemental plan in which employees may contribute an additional amount on a voluntary basis. The Foundation does not match these additional amounts.

(15) Expenses

(a) Functional Classification of Expenditures

Expenses by functional classification for the years ended June 30, 2018 and 2017 are as follows:

		2018	2017
Program services:			
Institute	$	85,744	97,757
GT Alumni Association		3,317	3,417
GT Athletic Association		777	847
Facilities		4,749	265
GT Global		258	292
		94,845	102,578
General and administrative		21,853	18,826
Fund-raising		5,377	4,131
Loss on extinguishment of debt		2,654	—
Total expenses	$	124,729	125,535

Interest expense, relating to debt incurred to support program services, totaled $6,386 and $8,024 for the years ended June 30, 2018 and 2017, respectively.

(Dollars in thousands)

(b) General and Administrative Expenses

The Foundation classifies certain expenses as general and administrative. These expenses relate primarily to the operations of the Foundation, the Georgia Tech Hotel and Conference Center, the Biltmore, and real estate owned by the Foundation. Details of general and administrative expenses for the years ended June 30, 2018 and 2017 are as follows:

		2018	**2017**
Foundation operations	$	7,561	6,329
Real estate expenses		4,326	3,789
Depreciation and amortization expense		4,108	4,352
Interest expense		5,858	4,356
Total	$	21,853	18,826

(c) Natural Classification of Expenditures

The Foundation classifies its expenses in functional categories. Expenditures in the natural categories for the years ended June 30, 2018 and 2017 are as follows:

		2018	**2017**
Salaries	$	4,410	3,404
Benefits		897	530
Other personnel services		603	72
Travel		123	92
Utilities		744	512
Supplies and other services		6,099	5,095
Depreciation and amortization		4,108	4,352
Interest		12,244	12,380
Loss on extinguishment of debt		2,654	—
Expenses incurred or paid to or on behalf of:			
Institute		82,103	92,746
GT Alumni Association		4,960	4,948
GT Athletic Association		777	847
Facilities		4,749	265
GT Global		258	292
Total	$	124,729	125,535

(16) Related Parties

No members of the Board of Directors of Facilities are voting trustees of the Foundation.

Three members of the Board of Trustees of the GT Athletic Association are also voting trustees of the Foundation.

Three members of the Board of Trustees of the GT Alumni Association are also voting trustees of the Foundation.

Two members of the Board of Directors of the GATV are also voting trustees of the Foundation.

In 2012, the BOR established an executive 457(f) deferred compensation plan (the Plan) for the President of the Institute. At the BOR's request, the Foundation approved six annual contributions from 2012 through 2017, which were paid to an account held by the BOR for the President. In 2017, the Foundation approved annual funding of $266 and one-time funding in the amount of $497, as deferred compensation related to the success of the Institute's capital campaign. In accordance with an agreement with the BOR, if vesting does not occur, the Plan balance, including contributions and accumulated earnings, will be refunded to the Foundation.

In 2013, the Foundation purchased a $1,000 life insurance policy on the life of the President of the Institute for the benefit of the President's family. The Foundation approved payment of insurance premiums totaling $50 for five consecutive years, 2012 through 2016. The Foundation has completed its funding of the policy.

Transactions with other related parties are described in notes 4, 6, 7, 11, 15, and 17.

(17) Commitments and Contingencies

In June 2017, the Foundation approved $25,147 of unrestricted funds to the Institute for support of Institute programs and development operations, with a condition that the funds are to be expended during years 2018 and 2019. If the funds are not expended by June 30, 2019, the remainder is retained by the Foundation. As of June 30, 2018, the Foundation expended a total of $22,690 and $2,457 remained as a commitment.

In June 2006, the Foundation entered into a limited guaranty agreement with a bank in the amount of $4,800 to support a letter of credit pertaining to an obligation GATV has under a rental agreement. The letter of credit was scheduled to expire in June 2018, but was amended to expire in June 2019. As consideration for the limited guaranty agreement, GATV pays the Foundation 0.20% of the limited guaranty amount annually.

(18) Tax Matters

The Foundation does not have any material unrecognized tax positions that should be recognized in the consolidated financial statements for 2018 or 2017.

(19) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Foundation management reviewed subsequent events after June 30, 2018 through September 19, 2018, which was the date the consolidated financial statements were available to be issued, and determined that there were no significant subsequent events requiring disclosure in the consolidated financial statements, except as noted in the following paragraph.

In September 2018, the Foundation purchased a real estate property for approximately $38 million for investment purposes, funded partially by a non-recourse loan agreement for approximately $25 million secured by the property. The property will be held as a direct investment in real estate.