GEORGIA TECH FOUNDATION, INC.

Consolidated Financial Statements

June 30, 2021 and 2020

(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, 2021 and 2020, 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, 2021 and 2020, and the results of their operations and their cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 1(o) to the consolidated financial statements, in fiscal year 2021, Georgia Tech Foundation and its subsidiaries adopted the new accounting guidance, Accounting Standards Update No. 2016-02, *Leases (Topic 842)*, as amended. Our opinion is not modified with respect to this matter.

KPMG LLP

Atlanta, Georgia
September 15, 2021

GEORGIA TECH FOUNDATION, INC.

Consolidated Statements of Financial Position

June 30, 2021 and 2020

(In thousands)

Assets		**2021**	**2020**
Cash and cash equivalents	$	20,158	17,655
Restricted cash		1,626	1,141
Capital reserve funds (note 4)		11,957	10,651
Contributions receivable, net (notes 2 and 7)		71,388	73,161
Investments (notes 3, 11, and 12)		2,630,762	1,893,789
Other assets (note 7)		26,288	34,434
Lease receivable (note 4)		106,796	116,873
Contributions receivable from remainder trusts (note 11)		17,140	13,774
Charitable remainder trusts (note 11)		23,498	14,914
Capital assets, net (note 5)		148,114	144,520
Total assets	$	3,057,727	2,320,912
Liabilities and Net Assets			
Accounts payable (note 6)	$	10,234	11,270
Commitment payable (note 7)		4,835	5,448
Lines of credit (note 8)		16,590	18,100
Bonds payable, net (notes 4 and 8)		241,944	256,893
Notes payable, net (note 9)		70,221	70,435
Amounts due to life beneficiaries		24,616	18,049
Deferred revenue (note 4)		13,097	15,387
Funds held on behalf of other organizations (notes 10 and 11)		170,946	110,395
Other liabilities (note 4)		18,321	13,630
Total liabilities		570,804	519,607
Net assets:			
Without donor restriction (notes 14 and 15)		351,851	202,177
With donor restriction (notes 14 and 15)		2,135,072	1,599,128
		2,486,923	1,801,305
Commitments (notes 3, 4, 6, 7, 8, 9, 10, 16, and 20)			
Total liabilities and net assets	$	3,057,727	2,320,912

See accompanying notes to consolidated financial statements.

GEORGIA TECH FOUNDATION, INC.

Consolidated Statements of Activities

Years ended June 30, 2021 and 2020

(In thousands)

		2021			2020	
	Without donor restriction	**With donor restriction**	**Total**	**Without donor restriction**	**With donor restriction**	**Total**
Revenues, gains, and losses:						
Gift income	$ 12,319	89,272	101,591	7,090	65,637	72,727
Lease revenue	22,156	(73)	22,083	27,784	1,552	29,336
Investment income, net of fees	7,374	24,819	32,193	2,086	7,668	9,754
Net realized/unrealized gain on investments	147,514	496,746	644,260	4,647	13,922	18,569
Change in value of trusts and annuities	12	4,482	4,494	(3)	(1,321)	(1,324)
Other	1,116	317	1,433	1,313	155	1,468
Provision for doubtful contributions	—	(876)	(876)	—	(801)	(801)
Net assets released from restrictions (note 13)	78,743	(78,743)	—	76,551	(76,551)	—
Total revenues	269,234	535,944	805,178	119,468	10,261	129,729
Expenses (note 17):						
Program services	87,220	—	87,220	84,479	—	84,479
General and administrative (note 17)	28,440	—	28,440	22,226	—	22,226
Fundraising	3,900	—	3,900	3,682	—	3,682
Total expenses	119,560	—	119,560	110,387	—	110,387
Change in net assets	149,674	535,944	685,618	9,081	10,261	19,342
Net assets, beginning of year	202,177	1,599,128	1,801,305	193,096	1,588,867	1,781,963
Net assets, end of year	$ 351,851	2,135,072	2,486,923	202,177	1,599,128	1,801,305

See accompanying notes to consolidated financial statements.

GEORGIA TECH FOUNDATION, INC.

Consolidated Statements of Cash Flows

Years ended June 30, 2021 and 2020

(In thousands)

		2021	2020
Cash flows from operating activities:			
Change in net assets	$	685,618	19,342
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Depreciation and amortization		4,892	4,257
Amortization of bond discount and premium and issuance costs		(1,725)	(1,866)
Provision for doubtful contributions		876	801
Net realized/unrealized gain on investments		(644,260)	(18,569)
Actuarial (gain) loss on trusts and annuities		(4,494)	1,324
In-kind contributions		(9,622)	(23,166)
Proceeds from gifts restricted for long-term investment		(49,129)	(39,697)
Proceeds from sale of donated securities not restricted for long-term investment		1,352	5,529
Decrease in contributions receivable		897	20,261
Decrease (increase) in other assets		6,826	(8,478)
Decrease in accounts payable		(1,036)	(621)
Decrease in commitment payable		(613)	(593)
Increase in other liabilities		4,691	427
Net cash used in operating activities		(5,727)	(41,049)
Cash flows from investing activities:			
Proceeds from the sales and maturities of investments		787,094	1,342,670
Purchases of investments		(871,722)	(1,328,106)
Increase in funds held on behalf of other organizations		60,551	1,799
Proceeds from principal payments of leases receivable		7,787	7,372
Purchase of capital assets		(7,166)	(91)
Net cash (used in) provided by investing activities		(23,456)	23,644
Cash flows from financing activities:			
Proceeds from lines of credit		—	16,100
Repayments of lines of credit		(1,510)	(40,687)
Principal repayments of bonds payable		(14,113)	(39,912)
Proceeds from issuance of bonds and notes payable		675	51,730
Payments of bond issuance costs		—	(621)
Receipt of cash from trusts		207	181
Payments to life income beneficiaries		(911)	(873)
Proceeds from gifts restricted for long-term investment		49,129	39,697
Net cash provided by financing activities		33,477	25,615
Increase in cash and cash equivalents		4,294	8,210
Cash and cash equivalents, restricted cash, and capital reserve funds, beginning of year		29,447	21,237
Cash and cash equivalents, restricted cash, and capital reserve funds, end of year	$	33,741	29,447
Reconciliation of cash and cash equivalents and restricted cash:			
Cash and cash equivalents		20,158	17,655
Restricted cash		1,626	1,141
Capital reserve funds		11,957	10,651
Total cash and cash equivalents and restricted cash	$	33,741	29,447
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	14,313	15,362
Noncash activities:			
Contribution of charitable trusts and annuities	$	1,625	525
Contributions of securities		7,997	22,641

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 receive and manage financial donations for the support and enhancement of the Georgia Institute of Technology (the Institute), and to assist the Institute in its role as a leading educational and research institution. Although the Foundation operates to support the Institute, the Foundation is an entity independent of the Institute and is not legally controlled, directly or indirectly, by the Institute. The Board of Trustees (Board) of the Foundation makes all decisions regarding the business and affairs of the Foundation. 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, the activities of which are subject to unrelated business income tax.

(Continued)

665 Marietta, LLC was formed as a single-member limited liability corporation in 2021 to serve as the holder of a building and land near the Institute's campus, the activities of which are subject to unrelated business income tax.

GTF ATC, LLC was formed as a single-member limited liability corporation in 2021 to serve as the holder of buildings and land near the Institute's campus (Atlanta Technology Center), the activities of which are subject to unrelated business income tax.

(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. (GT 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, 8, 10, 13, 18, and 20.

(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 nongovernment not-for-profit corporation.

(c) Classification of Net Assets

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

Net assets without donor restrictions are not subject to donor-imposed restrictions. Net assets included in this class include revenues, gains, and losses that are not restricted by donors and Board-designated net assets, which are subject to self-imposed limits by action of the Board or by delegated designation decision to management. All expenses are reported as decreases in net assets without donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions that will be met either by actions of the Foundation or passage of time. Net assets included in this class include gifts for donor-restricted purposes and donor-restricted endowment funds. Gifts that include conditions are not recorded by the Foundation until the condition has been met. Generally, the donor-imposed restrictions on endowed assets permit the Foundation to use all or part of the income earned on related investments only for certain general or specific purposes. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions in the consolidated statements of activities.

(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), 1(j), 3, 10, and 11, regarding fair value disclosure related to investments, charitable remainder trusts, and funds held on behalf of other organizations.

(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 (CRC), Technology Square, and the Georgia Tech Hotel and Conference Center as capital reserve funds (note 4). Funds are restricted for the purpose of capital replacement pursuant to the related lease agreements or management designation and are invested in short-term, highly liquid investments. In addition, the Foundation classifies amounts held in escrow for capital improvements as required by the Biltmore note payable and the Atlanta Technology Center (ATC) loan agreement (note 9) as capital reserve funds.

(g) Restricted Cash

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 9).

(h) Contributions Receivable, Net

The Foundation records commitments from donors to make future contributions, recognizing these promises to give as gift income 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, potential impacts of the COVID-19 pandemic, 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 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.

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.

Derivatives are used by the Foundation and external investment managers to manage market risks. A derivative is a financial instrument created from, or whose value is derived from, the value of one or more underlying assets, reference rates, indexes, or asset values. These instruments may include forwards, futures, options, and currency and interest rate swaps and are recorded at their respective fair value.

The Foundation utilizes various external investment managers to identify specific investment funds and limited partnerships that meet asset allocation and investment management objectives. These managers and related funds are utilized to increase the yield and return on the investment portfolio given the available alternative investment opportunities and to diversify its asset holdings.

(Continued)

Certain of these investments expose the Foundation to market risk by trading or holding direct and indirect derivative securities and by leveraging the securities in the fund. The market risk is similar to holding actual securities equivalent to the notional value of the derivatives. The risk is mitigated by ensuring sufficient collateral is being held to offset adverse market moves.

(i) Indirect Derivatives

Indirect derivatives held by the Foundation (i.e., derivatives held by external investment managers) are primarily used to manage portfolio risk. The Foundation's managers use derivatives primarily to hedge underlying positions or to gain exposure to specific markets in an effort to be more efficient, inexpensive, liquid, and diversified.

By holding derivatives, the Foundation could be exposed to interest rate risk, credit risk, concentration of credit risk, and foreign currency risk. The Foundation considers the risk associated with these holdings to be prudent.

(ii) Direct Derivatives

The Foundation directly invests in derivatives associated with market risk. The purpose of these investment derivatives is to gain additional exposure to U.S. and foreign fixed income and equity markets.

Futures and forward contracts obligate the buyer to purchase an asset (and the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future price.

(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 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

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 net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The donor-restricted endowment fund is classified as net assets with donor-imposed restriction 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 Adopted Accounting Standards

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which supersedes the requirements in Accounting Standards Codification (ASC) Topic 840, *Leases*, and requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 establishes a right-of-use model that requires a lessee to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the consolidated statement of activities. The accounting applied by a lessor under ASU No. 2016-02 is largely unchanged from that applied under ASC Topic 840. In June 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which deferred the adoption to fiscal years beginning after December 15, 2021. The Foundation adopted ASU No. 2016-02 as of July 1, 2020 using a modified retrospective transition approach as of the effective date. The Foundation has elected the practical expedient to account for multiple components as a single lease component. The Foundation’s adoption of the provisions of ASU No. 2016-02 had an immaterial impact on the accompanying consolidated financial statements and related notes.

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 adopted the remaining provisions that are not allowed to be early adopted during fiscal year 2020. The Foundation determined the remaining provisions did not have a significant impact on its current policies.

(Dollars in thousands)

(2) Contributions Receivable, Net

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

		2021	2020
Within one year	$	29,540	39,819
One to five years		44,446	42,696
More than five years		4,335	764
Gross contributions receivable		78,321	83,279
Less allowance for uncollectible contributions		(3,230)	(6,426)
Less present value component		(3,703)	(3,692)
Net contributions receivable	$	71,388	73,161

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, and net of an allowance for uncollectible contributions. The discount rates used to calculate the present value component as of June 30, 2021 and 2020 range from 2.24% to 6.46%. The Foundation’s allowance for uncollectible contributions is estimated by using past collections of contributions receivable as an indication of future collections. Current-year gifts included in contributions receivable reflected at fair value at June 30, 2021 and 2020 were $27,846 and $13,601, respectively. The Foundation wrote off contributions receivable in the amounts of $876 and $801 in 2021 and 2020, respectively.

The consolidated financial statements do not include conditional pledges, expectancies, and bequests that have not been recognized as revenue. These conditional amounts totaled $482,211 and $464,099 at June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, the four largest outstanding donor pledge balances represented 49% and 37%, respectively, of the Foundation’s gross contributions receivable. The donors of these four pledges are current on their payments as of June 30, 2021 and 2020 and have a history of supporting the Foundation.

(Dollars in thousands)

(3) Investments

Investments at June 30, 2021 and 2020 are summarized as follows:

	Fiscal year 2021		Fiscal year 2020	
	Percentage	Amount	Percentage	Amount
Cash and cash equivalents (a)	5.2 %	$ 137,481	3.6 %	$ 68,101
Domestic equities (b)	12.5	329,342	13.8	261,839
International equities (b)	19.2	505,528	17.3	328,069
Bonds and bond funds (c)	0.9	22,767	3.3	63,635
Derivatives	0.3	7,825	(0.2)	(3,685)
Hedge funds (d):				
Long-short funds	1.4	37,221	5.0	93,850
Multi-strategy funds	26.8	705,404	29.2	552,136
Private equities (e):				
Buyout funds	5.4	142,020	3.8	71,509
Venture funds	13.5	352,365	7.7	145,207
Growth equity	4.9	129,166	5.0	93,895
Distressed securities funds	2.2	58,170	2.5	47,325
Real estate and real estate funds (e)	4.6	121,373	5.7	108,435
Natural resources (f)	3.1	82,100	3.3	63,473
	100.0 %	$ 2,630,762	100.0 %	$ 1,893,789

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

(b) These categories include 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 years 2021 and 2020, representing 0% and 2% of the category, respectively, 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 long position and little or no leverage. Most credit funds generally maintain a moderate net long position and little or no leverage.

(e) 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, and are carried at fair value based on third-party appraisals. 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.

(f) These categories include private equity funds that provide growth equity or take full ownership of the companies in which they invest. Venture funds take ownership positions in startup 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 4-8 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.

The Foundation has investments, as a limited partner, in 149 and 155 partnerships at June 30, 2021 and 2020, 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, 2021, the Foundation's largest ownership interest in a single partnership was 10% of that partnership's assets. No individual partnership investment exceeds 2% 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 recorded at June 30, 2021 and 2020 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 11). 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, 2021, management estimates the average remaining life of the private investments is approximately 4 years.

(Dollars in thousands)

As of June 30, 2021 and 2020, the Foundation's remaining outstanding commitments to private investments, which are projected to be paid over the succeeding six years, totaled $304,423 and $302,317, respectively, in the following investment strategies:

		2021	2020
Private equities:			
Venture capital	$	82,201	59,788
Growth equity		49,109	20,891
Buyout		59,148	82,171
Distressed securities		20,122	26,714
Real estate		75,630	89,681
Natural resources		18,213	23,072
	$	304,423	302,317

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 expenses of its internal investment operation to the investment accounts. During 2021 and 2020, these expenses totaled $4,615 and $3,525, respectively, and are reported as a reduction of investment income in the accompanying consolidated statements of activities.

(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 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 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 $26,141 and $28,579 as of June 30, 2021 and 2020, respectively. The debt outstanding on the Series 2011A and the CRC portion of 2017B Bonds totaled $24,745 and $26,715 as of June 30, 2021 and 2020, 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 8). 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-related 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 $3,182 and $3,802 as of June 30, 2021 and 2020, respectively.

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 $80,655 and $88,294 as of June 30, 2021 and 2020, 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, and the Technology Square portion of Series 2017B Bonds (collectively, the Technology Square Bonds), not including the debt associated with the Georgia Tech Hotel and Conference Center, totaled $73,180 and $79,650 as of June 30, 2021 and 2020, 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 8). 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 $9,915 and $11,585 as of June 30, 2021 and 2020, respectively.

(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 was a 30-year operating lease and was automatically renewable for an additional 10 years, unless either party declines to renew. During 2021, the lessee defaulted under the terms of the lease, ceased making payments effective January 1, 2021, and subsequently the lease was terminated. Under the lease agreement, the Foundation received base rent, payments for capital replacement, and incentive rent. During 2021 and 2020, the Foundation received $964 and $3,303, respectively, in lease payments, representing base rent from the third party; $73 and $835, respectively, in payments for capital replacement; and $0 and $396, respectively, in payments for incentive rent. The Foundation has debt outstanding totaling $24,025 and $25,460 as of June 30, 2021 and 2020, respectively, related to the Georgia Tech Hotel and Conference Center (note 8). The land and building are considered a capital asset of the Foundation (note 5).

Beginning in 2021, the Foundation assumed operating control of the Georgia Tech Hotel and Conference Center and all financial activity is included in the accompanying consolidated financial statements. As a result, during 2021 the Foundation recognized $1,318 in operating revenue.

The Foundation recognized revenue from the original lease on a straight-line basis over the lease term and recorded a rent receivable of $1,093 as of June 30, 2020, which was included in other assets in the accompanying consolidated statements of financial position. During 2021, this receivable was written off as a result of the lease termination.

(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 $4,546, $2,767, $2,358, $1,619, $101, and $0 for fiscal years 2022, 2023, 2024, 2025, 2026, 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. Improvements on the land currently include a mixed-use development consisting of office space, retail space, parking and associated amenities. 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 $3,343 and $3,444 in lease income in 2021 and 2020, respectively. The Foundation recorded a rent receivable of $13,126 and $10,814 as of June 30, 2021 and 2020, respectively, which is included in other assets in the accompanying consolidated statements of financial position. Future contractual rental income due from leases under noncancelable operating leases are $1,197, $1,221, $1,246, $1,270, $1,296, and $322,168 for fiscal years 2022, 2023, 2024, 2025, 2026, and thereafter, respectively.

(iv) Atlanta Technology Center

In September 2018, the Foundation acquired the ATC, which is a 19 acre office park near the Georgia Tech campus. The property has four office buildings leased to third parties. 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 $3,165, $3,415, $3,132, $2,948, $2,730, and $9,775 for fiscal years 2022, 2023, 2024, 2025, 2026, and thereafter, respectively. The Foundation holds this property as an investment asset and records it at fair value.

(c) Capital Reserve Funds

At June 30, 2021 and 2020, the Foundation held funds restricted for the purpose of capital replacement for the CRC, Technology Square, the Biltmore, ATC, and the Georgia Tech Hotel and Conference Center totaling $11,957 and $10,651, respectively. Capital reserve funds held for the Institute for capital replacement for Technology Square and the CRC are included in other liabilities in the accompanying consolidated statements of financial position.

The Foundation's capital reserve funds are as follows:

	June 30	
	2021	**2020**
Campus Recreation Center	$ 1,609	712
Atlanta Technology Center	329	637
Technology Square	9,754	9,113
Biltmore	202	181
Georgia Tech Hotel and Conference Center	63	8
Total capital reserve funds	$ 11,957	10,651

(Dollars in thousands)

(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. The Biltmore is located adjacent to Technology Square and was placed into service in 2017.

The Foundation's capital assets are as follows:

		June 30	
		2021	**2020**
Land	$	68,154	68,154
Buildings		93,554	93,497
Furniture and equipment		16,317	11,236
Less accumulated depreciation		(29,911)	(28,367)
Total capital assets	$	148,114	144,520

Depreciation expense totaling $3,572 and $2,968 was recognized during 2021 and 2020, 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 $6,227. Those in-place leases and below-market leases total $1,314 and $2,351, net of $4,913 and $3,875 of accumulated amortization as of June 30, 2021 and 2020, respectively, and are 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 for both years ended June 30, 2021 and 2020.

(6) Accounts Payable

The Foundation's accounts payable as of June 30, 2021 and 2020 consist of the following:

		June 30	
		2021	**2020**
Institute	$	5,309	8,790
Other		4,925	2,480
	$	10,234	11,270

(7) 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 GT 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, 2021 and 2020, respectively, GT Facilities had $4,835 and $5,448 outstanding on the 2010B Bond, including accrued interest. Foundation payments to GT Facilities during 2021 and 2020, to satisfy GT Facilities' debt service requirements, totaled $799 and $798, respectively. At June 30, 2021, amounts due in less than one year, in one to five years, and in more than five years totaled $625, $2,690, and $1,490, respectively.

(Dollars in thousands)

In June 2002, the GT Athletic Association 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 GT Athletic Association that totals $437 and $488 as of June 30, 2021 and 2020, respectively.

In June 2004, the Foundation entered into an agreement with the GT Athletic Association, whereby the GT Athletic Association committed to pay the Foundation $137 per year as long as the GT Facilities' 1997A (now 2010B) Bond is outstanding. The payments received were used to pay GT Facilities for a portion of the commitment to fund the 2010B Bond. The payments remaining to be received total $893 and $1,031 as of June 30, 2021 and 2020, respectively. The Foundation has recorded a contribution receivable, discounted to give effect to the future cash flows from the GT Athletic Association, in the amount of $321 and $350 as of June 30, 2021 and 2020, respectively.

(8) Debt

(a) Lines of Credit

Lines of credit as of June 30, 2021 and 2020 consist of the following:

Borrowing entity	Maturity	Line of credit limit	Outstanding as of June 30 2021	Outstanding as of June 30 2020
GTFFC	November 2021	$ 26,000	16,590	18,100
Foundation	July 2021	25,000	—	—
Foundation	May 2022	25,000	—	—
			$ 16,590	18,100

The Foundation guaranteed a line of credit in the name of the GTFFC in 2021 and 2020 totaling $26,000. The Foundation had two lines of credit in 2021 totaling $50,000 and one line of credit in 2020 totaling $25,000. During July 2021, the Foundation executed an extension of the maturity of one line of credit from July 2021 to July 2023. Interest is calculated using LIBOR. The average effective interest rate for the lines of credit was 0.75% and 2.96% at June 30, 2021 and 2020, respectively.

(Dollars in thousands)

(b) Bonds Payable

Bonds payable as of June 30, 2021 and 2020 consist of the following:

	Interest rates – fixed	Maturity (serially)	Original issue	Outstanding as of June 30 2021	2020
Campus Recreation Center Bonds:					
Series 2011 A – tax exempt	2.650%–4.125%	2031	$ 32,695	7,020	8,990
Technology Square Bonds:					
Series 2002B – taxable	6.660%	2032	73,190	35,415	38,890
Series 2012A – tax exempt	2.360%–3.625%	2032	79,500	4,635	9,065
Series 2016 Bond – taxable	2.185%–3.843%	2049	30,180	30,100	30,180
Series 2017 Bond – taxable	2.500%–4.234%	2048	33,510	32,810	33,075
Series 2017B Bond – tax exempt	1.760%–2.570%	2032	74,880	74,880	74,880
Series 2019 Bond – taxable	1.736%–3.134%	2050	51,730	48,785	51,730
Total bonds payable – gross				233,645	246,810
Unamortized bond issuance costs				(2,149)	(2,362)
Unamortized premium				10,449	12,449
Unamortized discount				(1)	(4)
Total bonds payable – net				$ 241,944	256,893

(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 $377 and $525 as of June 30, 2021 and 2020, respectively.

(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.

The Foundation leased the Georgia Tech Hotel and Conference Center under an operating lease to a third party in 2004. That lease was terminated in 2021 (note 4). 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 $62 and $307 as of June 30, 2021 and 2020, respectively.

(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 Series 2009 Bonds were general unsecured obligations of the Foundation.

In December 2019, the taxable Series 2019 Bonds were issued with a portion of the proceeds used to refinance the remaining outstanding principal amount of the callable Series 2009B Bonds.

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 2016 Bonds are general unsecured obligations of the Foundation.

(iv) Series 2017 Bonds

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

(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,

(Continued)

(Dollars in thousands)

which is being amortized and had a balance of $10,010 and $11,619 as of June 30, 2021 and 2020, respectively.

(vi) Series 2019 Bonds

During December 2019, the taxable Series 2019 Bonds were issued in the amount of $51,730 with proceeds used to refinance the remaining outstanding principal amount of the callable Series 2009B Bonds, to refinance a portion of the lines of credit, to pay the final installment of a note payable and to pay certain cost of issuance. The Series 2019 Bonds are general unsecured obligations of the Foundation.

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

	Campus Recreation Center Bonds	Technology Square Bonds						
	Series 2011A	Series 2002B	Series 2012A	Series 2016	Series 2017	Series 2017B	Series 2019	Total
Fiscal year:								
2022	$ 2,070	3,710	4,635	265	300	—	3,000	13,980
2023	—	2,300	—	295	355	6,500	3,055	12,505
2024	—	2,465	—	325	395	6,840	3,105	13,130
2025	2,410	2,635	—	355	435	4,995	3,165	13,995
2026	2,540	2,820	—	3,090	495	5,245	—	14,190
Thereafter	—	21,485	—	25,770	30,830	51,300	36,460	165,845
	$ 7,020	35,415	4,635	30,100	32,810	74,880	48,785	233,645

(9) Notes Payable

Notes payable at June 30, 2021 and 2020 consist of the following:

	Interest rates – fixed	Original issue	Outstanding as of June 30 2021	2020
Notes payable:				
Biltmore property	5.037%	$ 36,000	33,002	33,628
Midtown property	4.750%	13,000	11,776	12,097
Atlanta Technology Center	4.750%	29,152	25,737	25,062
Total notes payable, gross			70,515	70,787
Unamortized debt issuance costs			(294)	(352)
Total notes payable, net			$ 70,221	70,435

(a) 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 5.037%.

(Dollars in thousands)

(b) Midtown Property Note Payable

In May 2017, GTF 1052, LLC entered into a loan agreement with a bank, borrowing $13,000, the proceeds of 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.

(c) Atlanta Technology Center

In September 2018, GTF ATC, LLC entered into a loan agreement with a bank, borrowing $25,062. The proceeds were used to acquire the ATC. The note is a nonrecourse loan, is secured by a first mortgage on the property, and bears a fixed interest rate of 4.75%. GTF ATC, LLC may borrow an additional $4,090, increasing the loan to $29,152, for renovation and improvements to the property. In March 2021, GTF ATC, LLC borrowed an additional $675 under the terms of the loan agreement. The loan matures on August 31, 2028.

The principal payments due on the notes payable as of June 30, 2020 are as follows:

		Biltmore property	Midtown property	Atlanta Technology Center	Total
Fiscal year:					
2022	$	659	337	—	996
2023		693	354	410	1,457
2024		31,650	11,085	570	43,305
2025		—	—	598	598
2026		—	—	627	627
Thereafter		—		23,532	23,532
	$	33,002	11,776	25,737	70,515

(10) Funds Held on Behalf of Other Organizations

The Foundation manages certain investments on behalf of GT Athletic Association and GT Alumni Association. The carrying value of funds held on behalf of other organizations approximates the fair value of these underlying investments. These investments total $170,946 and $110,395 at June 30, 2021 and 2020, 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 (collectively, GTAA funds) are allocated 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 after the six-month and three-month notification periods, respectively.

(Dollars in thousands)

Activity of the funds held on behalf of GT Athletic Association for the years ended June 30, 2021 and 2020 is as follows:

		2021	2020
Balance, beginning of year	$	110,095	108,300
Additions		30,098	12,289
Investment income, gains, net of fees attributable to balances		43,349	1,165
Withdrawals		(14,434)	(11,659)
Balance, end of year	$	169,108	110,095

Activity of the funds held on behalf of the GT Alumni Association for the years ended June 30, 2021 and 2020 is as follows:

		2021	2020
Balance, beginning of year	$	300	296
Additions		1,068	—
Investment income, gains, net of fees attributable to balances		470	4
Withdrawals		—	—
Balance, end of year	$	1,838	300

(11) 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.

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, *Fair Value Measurement,* 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.

(Dollars in thousands)

The following table presents for each level within the fair value hierarchy, the Foundation's recurring and nonrecurring fair value measurements for assets and liabilities as of June 30, 2021:

	Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Days notice
Assets:							
Cash and cash equivalents	$ 20,158	—	—	—	20,158	Daily	1
Restricted cash	1,626	—	—	—	1,626	Daily	1
Capital reserve funds	11,957	—	—	—	11,957	Daily	1
Investments:							
Cash and cash equivalents	137,481	—	—	—	137,481	Daily	1
Domestic equities	329,183	—	—	159	329,342	See note (a)	See note (a)
International equities	239,567	—	—	—	239,567	Daily	3–10
International equities-commingled funds	231,183	—	—	34,778	265,961	Monthly	3–10
Bond and bond funds	22,708	—	—	59	22,767	Daily	1–3
Derivatives	7,825	—	—	—	7,825	Daily	1–3
Hedge funds	—	—	—	742,625	742,625	See note (b)	See note (b)
Private equities	—	—	—	681,721	681,721	Illiquid	N/A
Real estate and real estate funds	—	—	68,050 (1)	53,323	121,373	Illiquid	N/A
Natural resources	—	—	934 (2)	81,166	82,100	Illiquid	N/A
Total investments	967,947	—	68,984	1,593,831	2,630,762		
Contributions receivable from remainder trusts	—	17,140	—	—	17,140	N/A	N/A
Charitable remainder trusts	—	23,498	—	—	23,498	N/A	N/A
Total	$ 1,001,688	40,638	68,984	1,593,831	2,705,141		

(1) Real estate and real estate fund balances consist of two directly owned properties, both at fair value determined based on a combination of the income approach and sales comparison approach. The first property was valued at $798 per square foot of the improved area and $362 per square foot of land area. The second property was valued with an implied capitalization rate of 8% and $202 per square foot of the improved area.

(2) Natural resources balance consists of two 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, 2021):

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 $159. The fair value of domestic equities that are redeemable daily with a one-to-five-day notice period totaled $329,183.

Note (b) – Hedge Funds (June 30, 2021):

Certain investments in hedge funds may be redeemed upon a five-to-ninety-day notice to the fund manager and permit a monthly or quarterly exit from the fund. The fair values of these hedge funds totaled $387,980. 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 2022, totals $335,915. Six hedge funds, including one in the bond fund category, with a fair value of $18,730, 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 and nonrecurring fair value measurements for assets and liabilities as of June 30, 2020:

	Level 1	Level 2	Level 3	Investments measured at NAV	Total	Redemption or liquidation	Days notice
Assets:							
Cash and cash equivalents	$ 17,655	—	—	—	17,655	Daily	1
Restricted cash	1,141	—	—	—	1,141	Daily	1
Capital reserve funds	10,651	—	—	—	10,651	Daily	1
Investments:							
Cash and cash equivalents	68,101	—	—	—	68,101	Daily	1
Domestic equities	238,451	—	—	363	238,814	See note (a)	See note (a)
Domestic equities–hedge funds	—	—	—	23,025	23,025	See note (b)	See note (b)
International equities	238,266	—	—	—	238,266	Daily	3–10
International equities–commingled funds	54,710	—	—	16,255	70,965	Monthly	3–10
International equities–hedge funds	—	—	—	18,838	18,838	See note (b)	See note (b)
Bond and bond funds	62,598	—	—	62	62,660	Daily	1–3
Bond and bond funds–hedge fund	—	—	—	975	975	See note (b)	See note (b)
Derivatives	(3,685)	—	—	—	(3,685)	Daily	1–3
Hedge funds	—	—	—	645,986	645,986	See note (b)	See note (b)
Private equities	—	—	—	357,936	357,936	Illiquid	N/A
Real estate and real estate funds	—	—	66,000 (1)	42,435	108,435	Illiquid	N/A
Natural resources	—	—	1,160 (2)	62,313	63,473	Illiquid	N/A
Total investments	658,441	—	67,160	1,168,188	1,893,789		
Contributions receivable from remainder trusts	—	13,774	—	—	13,774	N/A	N/A
Charitable remainder trusts	—	14,914	—	—	14,914	N/A	N/A
Total	$ 687,888	28,688	67,160	1,168,188	1,951,924		

(1) Real estate and real estate funds balance consists of two funds, both at fair value determined based on a combination of the income approach (direct capitalization) and sales comparison approach. The first property was valued with a capitalization rate of 6% and a valuation range of $659 to $790 psf. The second property was valued with a capitalization rate of 7% and a valuation range of $195 to $196 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, 2020):

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 $363. The fair value of domestic equities that are redeemable daily with a one-to-five-day notice period totaled $238,451.

Note (b) – Hedge Funds (June 30, 2020):

Certain investments in hedge funds may be redeemed upon a five-to-ninety-day notice to the fund manager and permit a monthly or quarterly exit from the fund. The fair values of these hedge funds totaled $378,881. Certain other hedge funds have semiannual or annual exit dates, which occur more than 90 days after the

(Dollars in thousands)

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 2021, totals $239,867. Six hedge funds, including one in the bond fund category, with a fair value of $70,076, contain provisions that they may be redeemed after a one- to three-year period upon notification to the fund manager.

During 2021 and 2020, the activity of assets classified as Level 3 in the fair value hierarchy was as follows:

		Natural resources	Real estate
Balance as of June 30, 2019	$	1,600	61,600
Investment earnings, net of fees		72	2,055
Realized and unrealized (losses) gains		(246)	3,298
Additions during year		—	—
Withdrawals during year		(266)	(953)
Balance as of June 30, 2020		1,160	66,000
Investment loss, net of fees		—	(8)
Realized and unrealized gains		59	2,150
Additions during year		—	—
Withdrawals during year		(285)	(92)
Balance as of June 30, 2021	$	934	68,050

(12) Derivative Financial Instruments

The Foundation directly invests in derivatives associated with market risk, as defined in note 1(i). The purpose of these investment derivatives is to gain additional exposure to U.S. and foreign fixed income and equity markets.

Futures and forward contracts obligate the buyer to purchase an asset (and the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future price.

(Dollars in thousands)

During 2021, the Foundation recognized net realized/unrealized gains and losses on direct positions in Equity Index Futures derivatives and U.S. Treasury Futures derivatives of $28,272 and $(7,314), respectively. As of June 30, 2021, the Foundation held direct positions in derivatives as shown in the following table:

Investment		Fair value at June 30, 2021	Notional exposure
Equity Index Futures	$	7,333	54,710
U.S. Treasury Futures		492	119,988
Total	$	7,825	174,698

During 2020, the Foundation recognized net realized/unrealized gains on direct positions in Equity Index Futures derivatives and U.S. Treasury Futures derivatives of $5,754 and $24,206, respectively. As of June 30, 2020, the Foundation held direct positions in derivatives as shown in the following table:

Investment		Fair value at June 30, 2020	Notional exposure
Equity Index Futures	$	(141)	101,098
U.S. Treasury Futures		(3,544)	89,818
Total	$	(3,685)	190,916

(13) 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, donor net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

The Foundation reports gifts of land, buildings, and equipment as support without donor restriction 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, 2021 and 2020 as follows:

		2021	2020
General use	$	20,165	19,773
Student support		18,007	18,088
Faculty support		17,086	18,452
Program enrichment		11,085	14,092
Academic support		10,203	3,770
Facilities		1,755	2,101
Fundraising		442	275
Total net assets released from restrictions	$	78,743	76,551

(14) Net Assets

Net assets without donor restrictions as of June 30, 2021 and 2020 are as follows:

		2021	2020
Restricted cash	$	1,140	1,141
Capital reserve funds		535	767
Undesignated		200,542	98,739
Board-designated quasi endowment funds:			
General Use		120,258	81,174
Student support		16,577	11,157
Faculty support		7,477	9,581
Facilities		2,183	1,640
Academic		863	649
		147,358	104,201
Other board-designated funds:			
Real estate reserves		10,791	11,811
Net investment in capital assets		(8,515)	(14,482)
	$	351,851	202,177

The net assets without donor restrictions total $351,851 and $202,177 in 2021 and 2020, respectively. The Board has designated certain net assets without donor restrictions, to function as endowments. The net assets of the Board-designated quasi endowment funds total $147,358 and $104,201 at June 30, 2021 and 2020, respectively, and have been designated for general use, student support, faculty support, and facilities purposes. Although the Foundation does not intend to spend from the Board-designated quasi endowment, other than amounts appropriated as part of the Board's annual budget approval and appropriations processes, these amounts could be made available, if necessary, for general use. In addition, the net assets of other Board-designated funds total $10,791 and $11,811 at June 30, 2021 and 2020, respectively, and have been designated as real estate reserves, but could be made available, if necessary, for general use.

(Dollars in thousands)

Net assets with donor restrictions as of June 30, 2021 and 2020 are restricted for the following purposes or periods:

		2021	2020
Subject to expenditure for specified purpose:			
Faculty support	$	40,270	38,138
Student support		9,797	8,181
Academic support		19,044	16,265
Program enrichment		35,358	32,154
Facilities and construction		23,070	20,136
Fundraising		939	976
Contributions receivable restricted by donors		42,301	35,392
		170,779	151,242
Appropriated from endowments, subject to expenditure for specified purpose:			
Faculty support		20,587	16,936
Student support		4,061	3,535
Program enrichment		8,116	5,697
Academic support		15,722	12,866
Facilities and construction		428	385
		48,914	39,419
Subject to the passage of time:			
Contributions receivable from remainder trusts		17,105	13,738
Contributions receivable that are not restricted by donors but which are unavailable for expenditure until receipt		971	1,066
Charitable remainder trusts		44	24
		18,120	14,828

(Dollars in thousands)

		2021	2020
Endowments:			
Subject to endowment spending policy and appropriation:			
Faculty support	$	542,226	388,868
Student support		521,712	373,015
General use		346,124	260,105
Academic support		277,286	206,615
Program enrichment		154,967	110,482
Facilities and construction		9,624	7,214
Perpetual trusts		897	788
Charitable remainder trusts and gift annuities		16,307	9,847
		1,869,143	1,356,934
Contributions receivable restricted to endowment by donors		28,116	36,705
	$	2,135,072	1,599,128

(15) Endowment Net Assets

Endowment net assets for the year ended June 30, 2021 are as follows:

		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$	—	1,869,143	1,869,143
Board-designated endowment funds		147,358	—	147,358
Total endowed net assets	$	147,358	1,869,143	2,016,501

Endowment net assets for the year ended June 30, 2020 are as follows:

		Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$	—	1,356,934	1,356,934
Board-designated endowment funds		104,201	—	104,201
Total endowed net assets	$	104,201	1,356,934	1,461,135

The Foundation’s endowment consists of approximately 3,000 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds, including funds designated by the Board 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.

(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 ensure 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 6.00% of the trailing 12-quarter average market value of its endowment funds. In 2021 and 2020, the Foundation appropriated 4.15% of the 12-quarter trailing average market value of its endowment funds. The amount appropriated for expenditure includes an administrative fee of 0.72% for general overhead costs incurred in connection with the support and management of its endowment funds. In setting the annual appropriation percentage, the Foundation considers both historic and expected returns on its endowment assets, including the effect of inflation. In addition, the Foundation considers providing an appropriate flow of income to the Institute while preserving the future purchasing power of the endowment assets in perpetuity. The appropriation percentage is approved by the Board as part of the Foundation’s annual budget process.

(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 net assets with donor restrictions were $0 and $377, with an original gift value of $0 and $15,515, as of June 30, 2021 and 2020, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of certain recently restricted contributions and continued appropriation for certain programs that were deemed prudent by the Board. 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 net assets with donor restrictions.

(Dollars in thousands)

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

		Without donor restriction	With donor restriction	Total
Endowment net assets, July 1, 2020	$	104,201	1,356,934	1,461,135
Investment return:				
Investment income		1,916	24,709	26,625
Net realized/unrealized loss		38,056	494,228	532,284
Total investment return		39,972	518,937	558,909
Contributions		5,416	52,122	57,538
Other (loss) income		(6)	245	239
Change in value of trusts and annuities		—	1,043	1,043
Appropriation of endowment assets for expenditure		(4,455)	(60,138)	(64,593)
Additions to board-designated funds, net		2,230	—	2,230
Endowment net assets, June 30, 2021	$	147,358	1,869,143	2,016,501

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

		Without donor restriction	With donor restriction	Total
Endowment net assets, July 1, 2019	$	105,522	1,349,513	1,455,035
Investment return:				
Investment income		545	7,628	8,173
Net realized/unrealized loss		1,062	13,831	14,893
Total investment return		1,607	21,459	23,066
Contributions		868	41,904	42,772
Other income		114	1,683	1,797
Change in value of trusts and annuities		—	(970)	(970)
Appropriation of endowment assets for expenditure		(4,080)	(56,655)	(60,735)
Additions to board-designated funds, net		170	—	170
Endowment net assets, June 30, 2020	$	104,201	1,356,934	1,461,135

(Dollars in thousands)

(16) 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 2021 and 2020, the Foundation recognized pension expense totaling $383 and $338, 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.

(17) Expenses

There are certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses, such as property expense, interest on related debt, depreciation, and amortization, are allocated based upon the usage of facilities. Other natural expenses are allocated based on estimates of time and effort.

Expense allocation for the year ended June 30, 2021 is as follows:

	Program services								
Category	Student support	Faculty support	Program enrichment	Academic support	Facilities and construction	Total	General and administrative	Fundraising	Total
Scholarships and fellowships	$ 31,339	493	2,401	737	—	34,970	—	—	34,970
Salaries and benefits	1,407	10,387	8,795	1,317	133	22,039	4,048	1,589	27,676
Materials, supplies, and other services	818	7,204	4,395	9,697	1,713	23,827	8,890	1,363	34,080
Travel, events, and stewardship	1	77	116	547	—	741	328	948	2,017
Property expense	—	—	—	—	—	—	3,714	—	3,714
Depreciation and amortization	—	—	—	—	63	63	4,829	—	4,892
Interest	—	—	—	—	5,580	5,580	6,631	—	12,211
	$ 33,565	18,161	15,707	12,298	7,489	87,220	28,440	3,900	119,560

(Dollars in thousands)

Expense allocation for the year ended June 30, 2020 is as follows:

	Program services								
Category	Student support	Faculty support	Program enrichment	Academic support	Facilities and construction	Total	General and administrative	Fundraising	Total
Scholarships and fellowships	$ 27,841	282	1,658	443	—	30,224	—	—	30,224
Salaries and benefits	1,906	11,091	9,335	1,819	84	24,235	3,731	1,441	29,407
Materials, supplies, and other services	960	5,982	6,081	3,288	1,995	18,306	4,752	1,210	24,268
Travel, events, and stewardship	110	2,379	1,707	1,120	1	5,317	218	1,031	6,566
Property expense	—	—	—	—	—	—	2,687	—	2,687
Depreciation and amortization	—	—	—	—	44	44	4,213	—	4,257
Interest	—	—	—	—	6,353	6,353	6,625	—	12,978
	$ 30,817	19,734	18,781	6,670	8,477	84,479	22,226	3,682	110,387

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 other real estate owned by the Foundation. Details of general and administrative expenses for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Foundation operations	$ 5,670	5,121
Real estate expenses	11,310	6,267
Depreciation and amortization expense	4,829	4,213
Interest expense	6,631	6,625
	$ 28,440	22,226

(18) Related Parties

One member of the Board of Trustees of the GT Athletic Association is also a voting trustee of the Foundation.

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

One member of the Board of Directors of the GATV is also a voting trustee of the Foundation.

One member of the Board of Directors of the GT Facilities is also a voting trustee of the Foundation.

Transactions with other related parties are described in notes 4, 6, 7, 8, 10, 13, and 20.

(Dollars in thousands)

(19) Liquidity and Availability

Financial assets available to meet cash needs for general expenditures, without donor or other restrictions limiting their use, within one year of the financial reporting date, are comprised of the following:

		2021	2020
Cash	$	20,158	17,655
Restricted cash		1,626	1,141
Capital reserve funds		11,957	10,651
Contributions receivable, net		71,388	73,161
Investments		2,630,762	1,893,789
Lease receivable		106,796	116,873
Contributions receivable from charitable remainder trusts		17,140	13,774
Charitable remainder trusts		23,498	14,914
Total financial assets, at year-end		2,883,325	2,141,958
Less financial assets not available for general expenditures, due to nature:			
Restricted cash		(1,626)	(1,141)
Capital reserve funds		(11,957)	(10,651)
Lease receivable		(106,796)	(116,873)
Contributions receivable from charitable remainder trusts		(17,140)	(13,774)
Charitable remainder trusts		(23,498)	(14,914)
Less financial assets not available for general expenditures within one year:			
Contributions receivable, net		(27,709)	(18,852)
Less contractual or donor-imposed restrictions:			
Endowments funds		(1,869,143)	(1,356,934)
Contributions receivable, net restricted for endowment		(28,116)	(36,705)
Funds held on behalf of other organizations		(170,946)	(110,395)
Less board-designated quasi endowment funds		(147,358)	(104,201)
Less other board-designated funds		(10,791)	(11,811)
Financial assets available to meet cash needs for general expenditures within one year	$	468,245	345,707

(Continued)

Donor restricted endowments, which total $1,869,143 and $1,356,934 as of June 30, 2021 and 2020, respectively, are not available for general expenditures until appropriated by the Board. The funds held on behalf of other organizations are not available for general expenditures of the Foundation. The Board-designated quasi endowment funds total $147,358 and $104,201 at June 30, 2021 and 2020, respectively. Although the Foundation does not intend to spend from the Board-designated quasi endowment, other than amount appropriated as part of the Board's annual budget approval and appropriations, these amounts could be made available, if necessary, for general expenditures. In addition, the net assets of other Board-designated funds total $10,791 and $11,811 at June 30, 2021 and 2020, respectively, and have been designated as real estate reserves, but could be made available, if necessary, for general expenditures.

(20) Commitments and Contingencies

In June 2020, the Foundation approved $27,476 of funds without donor restrictions to the Institute for support of the Institute's program and development operations, with a condition that the funds are to be expended during 2021 and 2022. If the funds are not expended by June 30, 2022, the remainder is retained by the Foundation. As of June 30, 2021, the Foundation expended a total of $21,123 and $6,353 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 2021, but was amended to expire in June 2022. As consideration for the limited guaranty agreement, GATV pays the Foundation 0.20% of the limited guaranty amount annually.

(21) Tax Matters

The Foundation does not have any material unrecognized tax positions that should be recognized in the consolidated financial statements for 2021 or 2020.

(22) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Foundation management reviewed subsequent events after June 30, 2021 through September 15, 2021, 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.