



GEORGIA TECH FOUNDATION, INC.

Consolidated Financial Statements

June 30, 2024 and 2023

(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.:

Opinion

We have audited the consolidated financial statements of Georgia Tech Foundation, Inc. and its subsidiaries (the Foundation), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Atlanta, Georgia
September 20, 2024

GEORGIA TECH FOUNDATION, INC.

Consolidated Statements of Financial Position

June 30, 2024 and June 30, 2023

(In thousands)

Assets	2024	2023
Cash and cash equivalents	\$ 20,059	19,698
Capital reserve funds (note 4)	19,843	16,630
Contributions receivable, net (note 2)	126,786	95,779
Investments (notes 3, 10 and 11)	2,854,951	2,681,469
Other assets (notes 4 and 7)	37,643	32,710
Leases receivable (note 4)	78,246	87,440
Contributions receivable from remainder trusts (note 10)	12,105	10,630
Charitable remainder trusts (note 10)	20,841	19,966
Capital assets, net (note 5)	144,866	143,550
Total assets	\$ 3,315,340	3,107,872
Liabilities and Net Assets		
Accounts payable (note 6)	\$ 11,432	9,098
Lines of credit (note 7)	10,190	11,390
Bonds payable, net (notes 4 and 7)	297,514	311,914
Notes payable, net (note 8)	25,690	26,529
Amounts due to life beneficiaries	22,449	21,417
Deferred revenue (note 4)	7,150	8,967
Funds held on behalf of other organizations (notes 9 and 10)	166,987	162,254
Other liabilities (note 4)	22,707	25,791
Total liabilities	564,119	577,360
Net assets:		
Without donor restriction (notes 13 and 14)	408,886	362,134
With donor restriction (notes 13 and 14)	2,342,335	2,168,378
Total net assets	2,751,221	2,530,512
Commitments (notes 3, 4, 6, 7, 8, 9, 15, and 19)		
Total liabilities and net assets	\$ 3,315,340	3,107,872

See accompanying notes to consolidated financial statements.

GEORGIA TECH FOUNDATION, INC.

Consolidated Statements of Activities

Years ended June 30, 2024 and 2023

(In thousands)

	2024			2023		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Revenues, gains and losses:						
Gift income	\$ 13,271	125,628	138,899	8,274	113,385	121,659
Lease revenue	15,522	1,675	17,197	18,288	1,204	19,492
Hotel operating revenue	20,795	—	20,795	21,978	—	21,978
Investment income, net of fees	5,790	8,478	14,268	3,663	2,847	6,510
Net realized/unrealized gain (loss) on investments	49,780	153,187	202,967	21,713	63,944	85,657
Change in value of trusts and annuities	(14)	1,566	1,552	(3)	432	429
Other	1,607	299	1,906	1,629	805	2,434
Provision for doubtful contributions	—	(2,872)	(2,872)	—	(996)	(996)
Net assets released from restrictions (note 12)	114,004	(114,004)	—	110,715	(110,715)	—
Total revenues	220,755	173,957	394,712	186,257	70,906	257,163
Expenses (note 16):						
Program services	130,837	—	130,837	126,798	—	126,798
General and administrative (note 16)	21,034	—	21,034	22,125	—	22,125
Hotel operating expenses	15,776	—	15,776	16,711	—	16,711
Fund-raising	6,356	—	6,356	6,985	—	6,985
Total expenses	174,003	—	174,003	172,619	—	172,619
Change in net assets	46,752	173,957	220,709	13,638	70,906	84,544
Net assets, beginning of year	362,134	2,168,378	2,530,512	348,496	2,097,472	2,445,968
Net assets, end of year	\$ 408,886	2,342,335	2,751,221	362,134	2,168,378	2,530,512

See accompanying notes to consolidated financial statements.

GEORGIA TECH FOUNDATION, INC.
Consolidated Statements of Cash Flows
Years ended June 30, 2024 and 2023
(In thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 220,709	84,544
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	3,704	3,982
Amortization of bond discount and premium and issuance costs, net	(1,239)	(1,331)
Provision for doubtful contributions	2,872	996
Net realized/unrealized (gain) loss on investments	(202,967)	(85,657)
Actuarial (gain) loss on trusts and annuities	(1,555)	(426)
In-kind contributions	(26,118)	(23,772)
Proceeds from gifts restricted for long-term investment	(41,801)	(27,279)
Proceeds from sale of donated securities not restricted for long-term investment	18,544	18,745
Increase in contributions receivable	(33,879)	(22,410)
(Increase) decrease in other assets	(1,959)	3,590
Increase in accounts payable	2,334	1,240
(Decrease) increase in other liabilities	(3,084)	2,854
Net cash used in operating activities	<u>(64,439)</u>	<u>(44,924)</u>
Cash flows from investing activities:		
Proceeds from the sales and maturities of investments	1,015,686	1,160,570
Purchases of investments	(980,915)	(1,107,813)
Increase in funds held on behalf of other organizations	4,733	380
Proceeds from principal repayments of leases receivable	7,377	7,018
Purchase of capital assets	(4,829)	(1,840)
Net cash provided by investing activities	<u>42,052</u>	<u>58,315</u>
Cash flows from financing activities:		
Proceeds from lines of credit	—	18,890
Repayments of lines of credit	(1,200)	(20,340)
Principal repayments of bonds and notes payable	(14,000)	(45,485)
Proceeds from issuance of bonds and notes payable	—	343
Payments of bond issuance costs	—	—
Receipt of cash from trusts	364	388
Payments to life income beneficiaries	(1,004)	(975)
Proceeds from gifts restricted for long-term investment	41,801	27,279
Net cash provided by (used in) financing activities	<u>25,961</u>	<u>(19,900)</u>
Increase (decrease) in cash and cash equivalents	3,574	(6,509)
Cash and cash equivalents and capital reserve funds, beginning of year	<u>36,328</u>	<u>42,837</u>
Cash and cash equivalents and capital reserve funds, end of year	<u>\$ 39,902</u>	<u>36,328</u>
Reconciliation of cash and cash equivalents and capital reserve funds:		
Cash and cash equivalents	\$ 20,059	19,698
Capital reserve funds	<u>19,843</u>	<u>16,630</u>
Total cash and cash equivalents and capital reserve funds	<u>\$ 39,902</u>	<u>36,328</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 13,257	14,910
Noncash activities:		
Contribution of charitable trusts, annuities	\$ 95	—
Contributions of securities	22,858	23,407
Contributions of real estate	3,165	365

See accompanying notes to consolidated financial statements.

GEORGIA TECH FOUNDATION, INC.

Notes to Consolidated Financial Statements

June 30, 2024 and 2023

(Dollars in thousands)

(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 (the 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 accompanying consolidated financial statements, 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 GTFFC was dissolved in June 2023.

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.

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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.

665 Marietta, LLC was formed as a single-member limited liability corporation in 2019 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 2019 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.

600 Means Street, LLC was formed as a single-member limited liability corporation in 2022 to serve as the holder of land and an office building near the Institute's campus.

GTF Means Street, LLC was formed as a single-member limited liability corporation in 2022 to serve as the holder of land near the Institute's campus.

GTF Ventures, LLC was formed as a single-member limited liability corporation in 2022 to serve as the holder of investments in companies launched through the Institute's CREATE-X program.

(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.

The Georgia Tech Research Corporation (GTRC) is a not-for-profit corporation formed to support research activities at the Institute.

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Transactions with these affiliated organizations are described in notes 6, 9, 17, and 19.

(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 organized as 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 underlying condition specified by the donor 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 donor-stipulated 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 statement of activities.

(d) Fair Value of Financial Instruments

Cash equivalents, capital reserve funds, and accounts payable are carried at amounts that approximate their fair value due to the short-term nature of these instruments. 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, 9, and 10, 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 (note 1(f)).

(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

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investments. In addition, the Foundation classifies amounts held in escrow for capital improvements as required by the Atlanta Technology Center (ATC) loan agreement (note 8) as capital reserve funds.

(g) 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 broad economic and public health factors, and other relevant factors.

(h) 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 statement 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 consolidated statement 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, indices, or asset values. These instruments may include forwards, futures, options, and currency and interest rate swaps and are recorded at their respective fair values.

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(Dollars in thousands)

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.

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.

(i) 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.

(j) 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 based on related qualifying assets. 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

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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 for the amount by which the carrying amount of the asset exceeds the fair value of the asset.

(k) Endowment

Interpretation of Relevant Law

Foundation management has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act of 2008 (UPMIFA or the Act) as allowing, subject to a standard of prudence, institutions 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 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

(l) 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

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allowance for contributions receivable, and the assumptions made in recording liabilities to life beneficiaries.

(m) Tax Status

The Foundation and GTFFC are recognized as organizations exempt from federal income tax under Section 501(a) as entities 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.

(n) Recently Adopted Accounting Standard

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (“ASU 2016-13”), which replaces the existing incurred loss impairment model. Subsequent to the issuance of ASU 2016-13, there were various updates that amended and clarified the impact of ASU 2016-13. ASU 2016-13 broadens the information that an entity must consider in developing its expected credit loss estimate for assets measured either collectively or individually. The new standard requires companies to immediately recognize an estimate of credit losses expected to occur over the remaining life of the financial assets included in the scope of this standard. The financial assets that are included in the scope of these updates is primarily lease receivable. The Foundation adopted the standard effective July 1, 2023, and the adoption did not have a material effect on the Foundation’s consolidated financial statements.

(2) Contributions Receivable, Net

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

	<u>2024</u>	<u>2023</u>
Within one year	\$ 59,485	40,352
One to five years	62,881	64,996
More than five years	<u>20,627</u>	<u>289</u>
Gross contributions receivable	142,993	105,637
Less allowance for uncollectible contributions	(4,759)	(3,281)
Less present value component	<u>(11,448)</u>	<u>(6,577)</u>
Net contributions receivable	<u>\$ 126,786</u>	<u>95,779</u>

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, 2024 and 2023 range from 2.24% to 8.52%. 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

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(Dollars in thousands)

included in contributions receivable reflected at fair value at June 30, 2024 and 2023 were \$19,853 and \$44,741, respectively. The Foundation wrote off uncollectable contributions receivable in the amounts of \$2,872 and \$996 in 2024 and 2023, respectively.

The consolidated financial statements do not include conditional pledges, expectancies, and bequests that have not been recognized as revenue. These conditional amounts totaled \$576,096 and \$538,634 at June 30, 2024 and 2023, respectively. At June 30, 2024 and 2023, the four largest outstanding donor pledge balances represented 55% and 53%, respectively, of the Foundation's gross contributions receivable. These four pledges are current relative to the agreed-upon payment schedule as of June 30, 2024 and 2023 and each of the respective donors has a history of supporting the Foundation.

(3) Investments

Investments at June 30, 2024 and 2023 are summarized as follows:

	2024		2023	
	Percentage	Amount	Percentage	Amount
Cash and cash equivalents (a)	9.0 %	\$ 256,623	8.4 %	\$ 224,110
Domestic equities (b)	20.7	591,771	12.5	334,869
International equities (b)	6.1	175,221	9.3	249,185
Bonds and bond funds (c)	3.5	99,498	4.7	126,124
Derivatives (d)	(0.3)	(7,272)	0.3	7,998
Hedge funds (e):				
Long-short funds	0.1	2,262	0.3	8,646
Multi-strategy funds	25.9	737,838	30.0	804,473
Real estate and real estate funds (f)	5.9	167,901	5.7	153,350
Private equities (g):				
Buyout funds	7.6	216,017	7.3	197,166
Venture funds	11.4	326,442	11.3	302,152
Growth equity	5.1	144,599	5.3	142,523
Opportunistic credit	2.9	83,921	2.6	69,270
Natural resources (g)	2.1	60,130	2.3	61,603
	<u>100.0 %</u>	<u>\$ 2,854,951</u>	<u>100.0 %</u>	<u>\$ 2,681,469</u>

(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 75% of the investments are in U.S. companies and 25% are in non-U.S. companies. A range of styles, market caps, and geographies is included. The public nature of the securities makes this category very liquid.

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- (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.
- (d) See footnotes 1(i) and 11 for the description of derivative financial instruments.
- (e) 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.
- (f) This category includes investments in direct real estate investments and real estate equity funds. Direct investments in real estate include investments in land and buildings purchased in the midtown Atlanta, Georgia area. These direct investments are acquired with equity from the investment portfolio and financed with debt under certain parameters approved by the Board, 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 real estate equity funds are carried at NAV as estimated by the manager.
- (g) 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 173 and 171 partnerships at June 30, 2024 and 2023, respectively. These partnerships invest in a wide variety of assets, including international equities, venture capital, buyout funds, distressed securities, real estate, fixed income, natural resources, and diversifying strategies. At June 30, 2024 and 2023, the Foundation's largest ownership interest in a single partnership was 22% and 23%, respectively, 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, 2024 and 2023 are reasonable estimates of fair value.

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.

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The limitations and restrictions on the Foundation's ability to redeem or sell hedge funds and private investments vary by investment. Notice periods are required for hedge funds. Private investments typically have specified terms at inception (generally 8–10 years) (note 10). Distributions from each private investment will be received as the underlying investments of the funds are liquidated by the general partner. As of June 30, 2024, management estimates the average remaining life of the private investments is approximately four years.

As of June 30, 2024 and 2023, the Foundation's remaining outstanding commitments to private investments, which are projected to be paid over the succeeding six years, totaled \$395,272 and \$470,176, respectively, within the following investment strategies:

	<u>2024</u>	<u>2023</u>
Private equities:		
Venture funds	\$ 102,319	122,042
Growth equity	57,071	46,620
Buyout funds	123,526	125,163
Opportunistic credit	50,836	82,463
Real estate and real estate funds	55,870	78,397
Natural resources	5,650	15,491
	<u>\$ 395,272</u>	<u>470,176</u>

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 2024 and 2023, these expenses totaled \$5,749 and \$6,128, 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

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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 \$18,582 and \$21,148 as of June 30, 2024 and 2023, respectively. The debt outstanding on the Series 2011A and the CRC portion of 2017B Bonds totaled \$18,600 and \$20,690 as of June 30, 2024 and 2023, respectively.

In November 2011, the Foundation refunded the Series 2001A Bonds with the proceeds from the Series 2011A Bonds, which resulted in additional debt service requirements (note 7). The rental payments under the lease were increased in 2012 to provide additional rental amounts to reflect 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 \$1,610 and \$2,084 as of June 30, 2024 and 2023, 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 gifted 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 Foundation-owned land 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 \$59,663 and \$66,292 as of June 30, 2024 and 2023, 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 by the Foundation.

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 rather than 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,

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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 \$55,720 and \$61,185 as of June 30, 2024 and 2023, respectively.

In April 2012, the Foundation refunded the Series 2002A Bonds with the proceeds of the Series 2012A Bonds, which resulted in additional debt service requirements (note 7). The rental payments under the lease were increased in 2012 to provide additional rental amounts to reflect 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 \$5,539 and \$6,883 as of June 30, 2024 and 2023, respectively.

(b) Operating Leases

(i) Biltmore

The Foundation recognizes contractual revenues from leases on a straight-line basis over the terms of the respective leases.

(ii) 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 recorded lease income of \$3,343 and \$4,644 for the years ended June 30, 2024 and 2023, respectively. The Foundation recorded a rent receivable of \$19,491 and \$17,394 as of June 30, 2024 and 2023, respectively, which is included in other assets in the accompanying consolidated statements of financial position.

(iii) 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. The Foundation holds this property as an investment asset and records it at fair value.

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Future contractual lease revenue due from leases under noncancelable operating leases at June 30, 2024 is as follows:

	<u>Biltmore</u>	<u>CODA</u>	<u>Atlanta Technology Center</u>	<u>Total</u>
Fiscal year:				
2025	\$ 3,071	1,270	4,689	9,030
2026	1,405	1,296	4,205	6,906
2027	788	1,322	4,149	6,259
2028	480	1,348	3,916	5,744
2029	—	1,375	1,353	2,728
Thereafter	—	318,123	2,019	320,142
	<u>\$ 5,744</u>	<u>324,734</u>	<u>20,331</u>	<u>350,809</u>

(c) Capital Reserve Funds

At June 30, 2024 and 2023, the Foundation held funds restricted for the purpose of capital replacement for the CRC, Technology Square, and the Georgia Tech Hotel and Conference Center totaling \$19,843 and \$16,630, respectively. Capital reserve funds held on behalf of 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:

	<u>June 30</u>	
	<u>2024</u>	<u>2023</u>
Campus Recreation Center	\$ 3,467	4,729
Technology Square	12,144	10,802
Georgia Tech Hotel and Conference Center	4,232	1,099
Total capital reserve funds	<u>\$ 19,843</u>	<u>16,630</u>

(5) Capital Assets

The Foundation's land includes 665 Marietta, CODA, and the Biltmore properties while 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.

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The Foundation's capital assets are as follows:

	June 30	
	2024	2023
Land	\$ 71,548	68,744
Buildings and building improvements	93,687	94,163
Furniture and equipment	17,115	17,049
Construction in process	1,056	—
Less accumulated depreciation	(38,540)	(36,406)
Total capital assets	\$ 144,866	143,550

Depreciation expense totaling \$3,513 and \$3,478 was recognized during 2024 and 2023, respectively. The furniture and equipment are depreciated over useful lives of 3 to 10 years. The buildings and building improvements are depreciated over useful lives of 40 to 50 years.

(6) Accounts Payable

The Foundation's accounts payable as of June 30, 2024 and 2023 consist of the following:

	June 30	
	2024	2023
Payable to:		
Institute	\$ 8,004	5,968
Other	3,428	3,130
	\$ 11,432	9,098

(7) Debt

(a) Lines of Credit

Lines of credit as of June 30, 2024 and 2023 consist of the following:

Borrowing entity	Maturity	Line of credit limit	Outstanding as of June 30	
			2024	2023
Foundation	July 2025	\$ 25,000	10,190	11,390
Foundation	Aug 2024	25,000	—	—
			\$ 10,190	11,390

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The Foundation guaranteed a line of credit in the name of the GTFFC in 2023 totaling \$25,000. During 2024, GTFFC terminated its existing line of credit. The Foundation has two remaining lines of credit in 2024, with a borrowing capacity collectively totaling \$50,000. During 2024, the Foundation executed an extension of the maturity of one line of credit from May 2024 to Aug 2024. Interest is calculated using SOFR. The average effective interest rate for the lines of credit was 6.1% and 4.4% at June 30, 2024 and 2023, respectively.

(b) Bonds Payable

Bonds payable as of June 30, 2024 and 2023 consist of the following:

	<u>Interest rates – fixed</u>	<u>Maturity (serially)</u>	<u>Original issue</u>	<u>Outstanding as of June 30</u>	
				<u>2024</u>	<u>2023</u>
Campus Recreation Center Bonds:					
Series 2011 A – tax exempt	2.830%–4.125%	2031	\$ 32,695	4,950	4,950
Technology Square Bonds:					
Series 2002B – taxable	6.660%	2032	73,190	26,940	29,405
Series 2016 Bonds – taxable	2.185%–3.843%	2049	30,180	29,215	29,540
Series 2017 Bonds – taxable	2.750%–4.234%	2048	33,510	31,760	32,155
Series 2017B Bonds – tax exempt	1.760%–2.570%	2032	74,880	61,540	68,380
Series 2019 Bonds – taxable	1.792%–3.134%	2050	51,730	39,625	42,730
Series 2021 Bonds – taxable	2.886%	2052	100,000	100,000	100,000
Total bonds payable – gross				294,030	307,160
Unamortized bond issuance costs				(2,110)	(2,306)
Unamortized premium				5,594	7,060
Total bonds payable – net				<u>\$ 297,514</u>	<u>311,914</u>

(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 previously-existing 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 previously-existing 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 previously-existing 2012A bonds, respectively.

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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 \$80 and \$175 as of June 30, 2024 and 2023, respectively.

(ii) *Technology Square Bonds*

During January 2002, the previously-existing Series 2002A and the 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 previously-existing 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.

(iii) *Series 2016 Bonds*

In May 2016, the taxable Series 2016 Bonds (2016 Bonds) were issued in the amount of \$30,180 for the purpose of advance refunding of the previously-existing 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 in the amount of \$33,510 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 the Series 2011A and the previously-existing 2012A Series Bonds and pay certain costs of issuance. The 2017B Bonds were issued with a bond premium of \$15,775, which is being amortized and had a balance of \$5,514 and \$6,885 as of June 30, 2024 and 2023, respectively.

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(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 previously-existing 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.

(vii) *Series 2021 Bonds*

During November 2021, the taxable Series 2021 Bonds were issued in the amount of \$100,000 with proceeds used for general corporate purposes. The Series 2021 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 2016	Series 2017	Series 2017B	Series 2019	Series 2021	Total
	Series 2011A	Series 2002B								
Fiscal year:										
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	
2027	—	3,015	3,195	540	7,980	—	—	—	14,730	
2028	—	3,215	460	585	8,390	—	—	—	12,650	
2029	—	3,440	505	650	8,820	—	—	—	13,415	
Thereafter	—	11,815	21,610	29,055	26,110	36,460	100,000	—	225,050	
	<u>\$ 4,950</u>	<u>26,940</u>	<u>29,215</u>	<u>31,760</u>	<u>61,540</u>	<u>39,625</u>	<u>100,000</u>	<u>—</u>	<u>294,030</u>	

(8) Notes Payable

Notes payable at June 30, 2024 and 2023 consist of the following:

	Interest rates – fixed	Original issue	Outstanding as of June 30	
			2024	2023
Notes payable:				
Atlanta Technology Center	3.000%	29,152	25,820	26,690
Unamortized debt issuance costs			(130)	(161)
Total notes payable, net			<u>\$ 25,690</u>	<u>26,529</u>

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(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 was a nonrecourse loan, was secured by a first mortgage on the Biltmore property, and bore a fixed interest rate of 5.037%. The Biltmore note payable was repaid during 2023.

(b) 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 Atlanta Technology Center property (ATC). The original note was a nonrecourse loan, secured by a first mortgage on ATC, and bearing a fixed interest rate of 4.75%. The loan was refinanced in 2023 as a recourse loan, secured by a first mortgage on ATC, and bearing a fixed interest rate of 3.00%. GTF ATC, LLC may borrow an additional \$4,090, increasing the loan to \$29,152, for renovation and improvements to the property. In September 2022, GTF ATC, LLC borrowed an additional \$343 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, 2024 are as follows:

	Atlanta Technology Center
Fiscal year:	
2025	\$ 899
2026	926
2027	954
2028	983
Thereafter	<u>22,058</u>
	<u>\$ 25,820</u>

(9) Funds Held on Behalf of Other Organizations

The Foundation manages certain investments on behalf of GT Athletic Association, GT Alumni Association, and GTRC. The carrying value of funds held on behalf of other organizations approximates the fair value of these underlying investments. These investments total \$166,987 and \$162,254 at June 30, 2024 and 2023, 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, GT Alumni Association, and GTRC are allocated on a quarterly basis, based on the value of 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

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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.

Activity of the funds held on behalf of the GT Athletic Association, GT Alumni Association, and GTRC for the year ended June 30, 2024 is as follows:

	<u>GT Athletic Association</u>	<u>GT Alumni Association</u>	<u>GTRC</u>	<u>Total</u>
Balance, beginning of year	\$ 160,509	1,745	—	162,254
Additions	12,825	—	359	13,184
Investment income, (losses) gains, net of fees attributable to balances	12,439	141	—	12,580
Withdrawals	<u>(20,922)</u>	<u>(109)</u>	<u>—</u>	<u>(21,031)</u>
Balance, end of year	\$ <u>164,851</u>	<u>1,777</u>	<u>359</u>	<u>166,987</u>

Activity of the funds held on behalf of the GT Athletic Association and GT Alumni Association for the year ended June 30, 2023 is as follows:

	<u>GT Athletic Association</u>	<u>GT Alumni Association</u>	<u>Total</u>
Balance, beginning of year	\$ 160,121	1,753	161,874
Additions	19,173	—	19,173
Investment income, (losses) gains, net of fees attributable to balances	5,158	54	5,212
Withdrawals	<u>(23,943)</u>	<u>(62)</u>	<u>(24,005)</u>
Balance, end of year	\$ <u>160,509</u>	<u>1,745</u>	<u>162,254</u>

(10) Fair Value Measurements

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

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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 the table below are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying consolidated statements of financial position.

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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, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments measured at NAV</u>	<u>Total</u>	<u>Redemption or liquidation</u>	<u>Days notice</u>
Assets:							
Cash and cash equivalents	\$ 20,059	—	—	—	20,059	Daily	1
Capital reserve funds	19,843	—	—	—	19,843	Daily	1
	<u>39,902</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>39,902</u>		
Investments:							
Cash and cash equivalents	256,623	—	—	—	256,623	Daily	1
Domestic equities	591,579	—	—	192	591,771	See note (a)	See note (a)
International equities	60,697	—	—	—	60,697	Daily	3–10
International equities- commingled funds	114,524	—	—	—	114,524	Monthly	3–10
Bond and bond funds	99,498	—	—	—	99,498	Daily	1–3
Derivatives	(7,272)	—	—	—	(7,272)	Daily	1–3
Hedge funds	—	—	—	740,100	740,100	See note (b)	See note (b)
Private equities	—	—	—	770,979	770,979	Illiquid	N/A
Real estate and real estate funds	2,598	—	77,700 ⁽¹⁾	87,603	167,901	Illiquid	N/A
Natural resources	—	—	172 ⁽²⁾	59,958	60,130	Illiquid	N/A
Total investments	<u>1,118,247</u>	<u>—</u>	<u>77,872</u>	<u>1,658,832</u>	<u>2,854,951</u>		
Contributions receivable from remainder trusts							
	—	12,105	—	—	12,105	N/A	N/A
Charitable remainder trusts	<u>—</u>	<u>20,841</u>	<u>—</u>	<u>—</u>	<u>20,841</u>	<u>N/A</u>	<u>N/A</u>
Total	<u>\$ 1,158,149</u>	<u>32,946</u>	<u>77,872</u>	<u>1,658,832</u>	<u>2,927,799</u>		

⁽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 \$455 per square foot of land area. The second property was valued with an implied capitalization rate of 7.5% and \$213 per square foot of the improved area.

⁽²⁾ Natural resources balance consists of one fund 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, 2024):

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 \$192. The fair value of domestic equities that are redeemable daily with a one-to-five-day notice period totaled \$591,579.

Note (b) – Hedge Funds (June 30, 2024):

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 \$269,704.

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Certain other hedge funds have semiannual or annual exit dates, which occur more than 90 days after the Foundation's fiscal year-end. The aggregate fair value of these hedge funds, with a notice and a redemption period exceeding 90 days, which could be redeemed during 2024, totals \$389,994. Fourteen hedge funds with an aggregate fair value of \$80,402 contain provisions that they may be redeemed after a one-to three-year period upon notification to the fund manager.

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, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments measured at NAV</u>	<u>Total</u>	<u>Redemption or liquidation</u>	<u>Days notice</u>
Assets:							
Cash and cash equivalents	\$ 19,698	—	—	—	19,698	Daily	1
Capital reserve funds	16,630	—	—	—	16,630	Daily	1
	<u>36,328</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>36,328</u>		
Investments:							
Cash and cash equivalents	224,110	—	—	—	224,110	Daily	1
Domestic equities	329,401	—	—	5,468	334,869	See note (a)	See note (a)
International equities	124,438	—	—	—	124,438	Daily	3–10
International equities- commingled funds	121,298	—	—	3,449	124,747	Monthly	3–10
Bond and bond funds	122,039	—	—	4,085	126,124	Daily	1–3
Derivatives	7,998	—	—	—	7,998	Daily	1–3
Hedge funds	—	—	—	813,119	813,119	See note (b)	See note (b)
Private equities	—	—	—	711,111	711,111	Illiquid	N/A
Real estate and real estate funds	—	—	82,650 ⁽¹⁾	70,700	153,350	Illiquid	N/A
Natural resources	—	—	693 ⁽²⁾	60,910	61,603	Illiquid	N/A
Total investments	<u>929,284</u>	<u>—</u>	<u>83,343</u>	<u>1,668,842</u>	<u>2,681,469</u>		
Contributions receivable from							
remainder trusts	—	10,630	—	—	10,630	N/A	N/A
Charitable remainder trusts	—	19,966	—	—	19,966	N/A	N/A
Total	<u>\$ 965,612</u>	<u>30,596</u>	<u>83,343</u>	<u>1,668,842</u>	<u>2,748,393</u>		

⁽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 \$550 per square foot of land area. The second property was valued with an implied capitalization rate of 8.5% and \$215 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%.

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Note (a) – Domestic Equities (June 30, 2023):

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 \$5,467. The fair value of domestic equities that are redeemable daily with a one-to-five-day notice period totaled \$329,401.

Note (b) – Hedge Funds (June 30, 2023):

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 \$322,118. Certain other hedge funds have semiannual or annual exit dates, which occur more than 90 days after the Foundation’s fiscal year-end. The aggregate fair value of these hedge funds, with a notice and a redemption period exceeding 90 days, which could be redeemed during 2023, totals \$416,420. Eleven hedge funds, including one in the bond fund category, with an aggregate fair value of \$74,581 contain provisions that they may be redeemed after a one-to three-year period upon notification to the fund manager.

During 2024 and 2023, 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, 2022	\$ 1,186	85,150
Investment earnings, net of fees	—	1,737
Realized and unrealized losses, net	(343)	(2,500)
Additions during year	—	—
Withdrawals during year	(150)	(1,737)
Balance as of June 30, 2023	693	82,650
Investment earnings, net of fees	—	2,322
Realized and unrealized losses, net	(240)	(4,950)
Additions during year	—	—
Withdrawals during year	(281)	(2,322)
Balance as of June 30, 2024	\$ 172	77,700

(11) 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.

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During 2024, the Foundation recognized net realized/unrealized gains on direct positions in Equity Index Futures derivatives of \$26,126. As of June 30, 2024, the Foundation held direct positions in derivatives as shown in the following table:

<u>Investment</u>	<u>Fair value at June 30, 2024</u>	<u>Notional exposure</u>
Equity Index Futures	\$ (7,272)	90,276
Total	\$ (7,272)	90,276

During 2023, the Foundation recognized net realized/unrealized gains and losses on direct positions in Equity Index Futures derivatives and U.S. Treasury Futures derivatives of \$53,393 and \$(9,161), respectively. As of June 30, 2023, the Foundation held direct positions in derivatives as shown in the following table:

<u>Investment</u>	<u>Fair value at June 30, 2023</u>	<u>Notional exposure</u>
Equity Index Futures	\$ 7,998	205,217
U.S. Treasury Futures	—	—
Total	\$ 7,998	205,217

(12) 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.

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Net assets were released from restrictions related to accomplishing program activities for the years ended June 30, 2024 and 2023 as follows:

	2024	2023
General use	\$ 25,011	24,415
Student support	25,443	21,180
Faculty support	23,254	21,332
Program enrichment	22,548	19,407
Academic support	14,072	21,651
Facilities	3,662	2,730
Fundraising	14	—
Total net assets released from restrictions	\$ 114,004	110,715

(13) Net Assets

Net assets without donor restrictions as of June 30, 2024 and 2023 are as follows:

	2024	2023
Capital reserve funds	\$ 2,382	(660)
Undesignated	272,604	239,396
Board-designated quasi endowment funds:		
General use	115,220	108,821
Student support	17,010	16,283
Faculty support	7,389	7,074
Facilities	2,157	2,065
Academic	853	817
	142,629	135,060
Other board-designated funds:		
Real estate reserves	8,655	7,469
Net investment in capital assets	(17,384)	(19,131)
	\$ 408,886	362,134

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 \$142,629 and \$135,060 at June 30, 2024 and 2023, respectively, and have been designated for general use, student support, faculty support, facilities, and academic 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. The net assets of other Board-designated funds total \$8,655 and \$7,469 at June 30, 2024 and 2023,

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respectively, and have been designated as real estate reserves, but could be made available, if necessary, for general use. The net investment in capital assets total \$(17,384) and \$(19,131) at June 30, 2024 and 2023, respectively, and represent the book value of unrestricted capital assets net of any debt attributable to those capital assets.

Net assets with donor restrictions as of June 30, 2024 and 2023 are restricted for the following purposes or periods:

	2024	2023
Subject to expenditure for specified purpose:		
Faculty support	\$ 34,190	36,235
Student support	7,732	7,944
Academic support	8,726	15,125
Program enrichment	61,693	62,350
Facilities and construction	50,285	38,192
Fundraising	301	295
Contributions receivable restricted by donors	97,855	67,145
	260,782	227,286
Appropriated from endowments, subject to expenditure for specified purpose:		
Faculty support	29,762	26,343
Student support	7,570	7,079
Program enrichment	12,209	10,696
Academic support	15,221	15,373
Facilities and construction	733	646
	65,495	60,137
Subject to the passage of time:		
Contributions receivable from remainder trusts	12,105	10,630
Contributions receivable that are not restricted by donors but which are unavailable for expenditure until receipt	467	486
Charitable remainder trusts	31	12
	12,603	11,128

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	2024	2023
Endowments:		
Subject to endowment spending policy and appropriation:		
Faculty support	\$ 574,125	535,677
Student support	583,854	538,985
General use	344,679	329,060
Academic support	270,184	254,562
Program enrichment	176,972	159,648
Facilities and construction	9,370	9,809
Perpetual trusts	835	807
Charitable remainder trusts and gift annuities	14,972	13,131
	1,974,991	1,841,679
Contributions receivable restricted to endowment by donors	28,464	28,148
	\$ 2,342,335	2,168,378

(14) Endowment Net Assets

Endowment net assets for the year ended June 30, 2024 are as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ —	1,974,991	1,974,991
Board-designated endowment funds	142,629	—	142,629
Total endowed net assets	\$ 142,629	1,974,991	2,117,620

Endowment net assets for the year ended June 30, 2023 are as follows:

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	\$ —	1,841,679	1,841,679
Board-designated endowment funds	135,060	—	135,060
Total endowed net assets	\$ 135,060	1,841,679	1,976,739

The Foundation's endowment consists of approximately 3,500 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

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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. The Foundation appropriated 4.00% in 2024 and in 2023, of the 12-quarter trailing average market value of its endowment funds. The amount appropriated for expenditure included an administrative fee of 0.70% in 2024 and in 2023 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 \$91 and \$560, with an original gift value of \$3,314 and \$21,945 as of June 30, 2024 and 2023, 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.

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Changes in endowment net assets for the year ended June 30, 2024 are as follows:

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Endowment net assets, July 1, 2023	\$ 135,060	1,841,679	1,976,739
Investment return:			
Investment income	459	6,656	7,115
Net realized/unrealized gain	<u>11,075</u>	<u>152,826</u>	<u>163,901</u>
Total investment return	11,534	159,482	171,016
Contributions	2,377	44,924	47,301
Other income	122	1,739	1,861
Change in value of trusts and annuities	—	31	31
Appropriation of endowment assets for expenditure	(5,498)	(72,864)	(78,362)
Withdrawals from board-designated funds, net	<u>(966)</u>	<u>—</u>	<u>(966)</u>
Endowment net assets, June 30, 2024	\$ <u>142,629</u>	<u>1,974,991</u>	<u>2,117,620</u>

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Endowment net assets, July 1, 2022	\$ 136,046	1,813,240	1,949,286
Investment return:			
Investment income	134	2,102	2,236
Net realized/unrealized gain	<u>4,603</u>	<u>63,803</u>	<u>68,406</u>
Total investment return	4,737	65,905	70,642
Contributions	500	34,667	35,167
Other income	88	1,997	2,085
Change in value of trusts and annuities	—	146	146
Appropriation of endowment assets for expenditure	(5,127)	(74,276)	(79,403)
Withdrawals from board-designated funds, net	<u>(1,184)</u>	<u>—</u>	<u>(1,184)</u>
Endowment net assets, June 30, 2023	\$ <u>135,060</u>	<u>1,841,679</u>	<u>1,976,739</u>

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(15) 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' contributions on a 2-to-1 basis. The funds are invested with a third-party provider in investment options chosen by the employees. During 2024 and 2023, the Foundation recognized pension expense totaling \$453 and \$429, 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.

(16) 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, 2024 is as follows:

Category	Program services					Total	General and administrative/		Total
	Student support	Faculty support	Program enrichment	Academic support	Facilities and construction		hotel	Fundraising	
Scholarships and fellowships \$	40,238	623	2,550	999	—	44,410	—	—	44,410
Salaries and benefits	1,546	12,209	12,456	4,301	102	30,614	3,290	3,030	36,934
Materials, supplies, and other services	4,577	7,591	13,307	10,407	3,609	39,491	20,248	1,819	61,558
Travel, events, and stewardship	227	3,842	3,142	2,111	—	9,322	517	1,507	11,346
Property expense	—	—	—	—	—	—	4,309	—	4,309
Depreciation and amortization	—	—	—	—	63	63	3,641	—	3,704
Interest	—	—	—	—	6,937	6,937	4,805	—	11,742
	<u>\$ 46,588</u>	<u>24,265</u>	<u>31,455</u>	<u>17,818</u>	<u>10,711</u>	<u>130,837</u>	<u>36,810</u>	<u>6,356</u>	<u>174,003</u>

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Expense allocation for the year ended June 30, 2023 is as follows:

Category	Program services					Total	General and administrative/		Total
	Student support	Faculty support	Program enrichment	Academic support	Facilities and construction		hotel	Fundraising	
Scholarships and fellowships \$	35,119	491	1,838	733	2	38,183	—	—	38,183
Salaries and benefits	1,540	11,045	10,902	2,881	93	26,461	2,386	2,829	31,676
Materials, supplies, and other services	1,699	8,278	15,186	18,163	2,749	46,075	22,507	1,100	69,682
Travel, events, and stewardship	190	3,295	2,696	1,547	3	7,731	690	3,056	11,477
Property expense	—	—	—	—	—	—	4,416	—	4,416
Depreciation and amortization	—	—	—	—	63	63	3,919	—	3,982
Interest	—	—	—	—	8,285	8,285	4,918	—	13,203
	<u>\$ 38,548</u>	<u>23,109</u>	<u>30,622</u>	<u>23,324</u>	<u>11,195</u>	<u>126,798</u>	<u>38,836</u>	<u>6,985</u>	<u>172,619</u>

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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Foundation operations	\$ 6,678	7,726
Real estate expenses	21,686	22,273
Depreciation and amortization expense	3,641	3,919
Interest expense	4,805	4,918
	<u>\$ 36,810</u>	<u>38,836</u>

General and administrative expenses related to the Georgia Tech Hotel and Conference Center for the year ended June 30, 2024 and 2023 are \$15,776 and \$16,711, respectively.

(17) Related Parties

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

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

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(18) 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:

	2024	2023
Cash	\$ 20,059	19,698
Capital reserve funds	19,843	16,630
Contributions receivable, net	126,786	95,779
Investments	2,854,951	2,681,469
Leases receivable	78,246	87,440
Contributions receivable from charitable remainder trusts	12,105	10,630
Charitable remainder trusts	20,841	19,966
Total financial assets, at year-end	3,132,831	2,931,612
Less financial assets not available for general expenditures, due to nature:		
Capital reserve funds	(19,843)	(16,630)
Leases receivable	(78,246)	(87,440)
Contributions receivable from charitable remainder trusts	(12,105)	(10,630)
Charitable remainder trusts	(20,841)	(19,966)
Less financial assets not available for general expenditures within one year:		
Contributions receivable, net	(51,741)	(38,108)
Less contractual or donor-imposed restrictions:		
Endowments funds	(1,974,991)	(1,841,679)
Contributions receivable, net restricted for endowment	(28,464)	(28,148)
Funds held on behalf of other organizations	(166,987)	(162,254)
Less board-designated quasi endowment funds	(142,629)	(135,060)
Less other board-designated funds	(8,655)	(7,469)
Financial assets available to meet cash needs for general expenditures within one year	\$ 628,329	584,228

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Donor restricted endowments, which total \$1,974,991 and \$1,841,679 as of June 30, 2024 and 2023, 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 \$142,629 and \$135,060 at June 30, 2024 and 2023, 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 use. In addition, the net assets of other Board-designated funds total \$8,655 and \$7,469 at June 30, 2024 and 2023, respectively, and have been designated as real estate reserves, but could be made available, if necessary, for general use.

(19) Commitments and Contingencies

In June 2023, the Foundation approved \$36,606 of funds without donor restrictions to support the Institute's program and development operations, with a condition that the funds are to be expended during 2024 and 2025. If the funds are not expended by June 30, 2025, the remainder is retained by the Foundation. As of June 30, 2024, the Foundation expended a total of \$31,660 to support the Institute's program and development operations and \$4,946 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 2024, but was amended to expire in June 2025. As consideration for the limited guaranty agreement, GATV pays the Foundation 0.20% of the limited guaranty amount annually.

(20) Tax Matters

The Foundation does not have any material unrecognized tax positions that should be recognized in the consolidated financial statements for 2024 or 2023.

(21) Subsequent Events

In connection with the preparation of the consolidated financial statements, the Foundation management reviewed subsequent events after June 30, 2024 through September 20, 2024, 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.