KENNESAW STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL REPORT

JUNE 30, 2015

KENNESAW STATE UNIVERSITY FOUNDATION, INC.

CONSOLIDATED FINANCIAL REPORT
JUNE 30, 2015

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 and 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated statements of financial position	3
Consolidated statements of activities	4
Consolidated statements of cash flows	5
Notes to consolidated financial statements	6-43

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Kennesaw State University Foundation, Inc.
Kennesaw, Georgia

We have audited the accompanying consolidated financial statements of **Kennesaw State University Foundation, Inc.** (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2015 and 2014, 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 auditor's 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.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kennesaw State University Foundation, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mauldin & Jenkins, LLC

Atlanta, Georgia
October 9, 2015

KENNESAW STATE UNIVERSITY
FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS	**2015**	2014
Cash	**$ 9,924,895**	$ 10,948,760
Unconditional promises to give, net	**4,318,076**	1,341,144
Rents receivable, net of allowance accounts 2015 $54,617; 2014 $77,574	**118,299**	279,181
Accounts receivable - other	**159,326**	47,937
Accounts receivable - related party	**1,513,919**	382,581
Notes receivable - related party	**59,485**	91,177
Prepaid expenses	**288,533**	389,262
Other assets	**11,030**	55,854
Investments	**39,888,071**	36,368,438
Net investments in direct financing leases	**232,381,689**	193,050,704
Donated art	**2,099,011**	2,099,011
Property and equipment, net	**113,548,088**	141,274,685
Debt issuance costs,		
net of amortization accounts 2015 $3,300,922; 2014 $5,030,782	**7,535,945**	9,715,854
Assets limited as to use	**47,670,649**	65,097,993
Total assets	**$ 459,517,016**	$ 461,142,581
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	**$ 444,672**	$ 475,441
Accounts payable - related party	**2,047,300**	2,056,982
Security deposits payable	**43,455**	44,798
Accrued expenses	**3,125,431**	2,751,289
Accrued interest	**7,732,991**	9,004,633
Notes payable	**12,718,473**	16,173,478
Bonds payable, net	**390,731,820**	395,097,023
Annuity obligation	**63,788**	83,800
Deferred revenue	**681,728**	510,552
Total liabilities	**417,589,658**	426,197,996
Net assets		
Unrestricted	**164,560**	(3,268,091)
Temporarily restricted	**12,546,074**	12,594,670
Permanently restricted	**29,216,724**	25,618,006
Total net assets	**41,927,358**	34,944,585
Total liabilities and net assets	**$ 459,517,016**	$ 461,142,581

See Notes to Consolidated Financial Statements.

KENNESAW STATE UNIVERSITY
FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND OTHER SUPPORT				
Contributions and special events	$ 132,261	$ 3,073,318	$ 3,578,506	$ 6,784,085
Investment income	857,039	629,296	-	1,486,335
Net realized and unrealized gain (loss) on investments	3,553,505	(229,315)	-	3,324,190
Donated services	119,309	-	-	119,309
Management fee income	417,251	-	-	417,251
Loss on extinguishment of bond debt	(6,660,774)	-	-	(6,660,774)
Leasing income	42,779,647	-	-	42,779,647
Total revenues	41,198,238	3,473,299	3,578,506	48,250,043
Net assets released from restrictions:				
Satisfaction of program restrictions	3,502,384	(3,502,384)	-	-
Total revenues and other support	44,700,622	(29,085)	3,578,506	48,250,043
EXPENSES				
Program services:				
Scholarships & awards	1,151,127	-	-	1,151,127
Academic programs and dean support	1,415,327	-	-	1,415,327
Other university support	2,311,301	-	-	2,311,301
Athletics	254,509	-	-	254,509
Special events & programs	128,080	-	-	128,080
Campus facilities:				
Rental operations	11,815,208	-	-	11,815,208
Depreciation	5,292,344	-	-	5,292,344
Amortization	646,488	-	-	646,488
Debt service	16,044,803	-	-	16,044,803
Total campus facilities	33,798,843	-	-	33,798,843
Total program services	39,059,187	-	-	39,059,187
Supporting services:				
Management and general	1,985,565	-	-	1,985,565
Fundraising	222,518	-	-	222,518
Total supporting services	2,208,083	-	-	2,208,083
Total expenses and losses	41,267,270	-	-	41,267,270
CHANGE IN NET ASSETS	3,433,352	(29,085)	3,578,506	6,982,773
NET ASSETS (DEFICIT), BEGINNING	(3,268,091)	12,594,670	25,618,006	34,944,585
CHANGE IN DONOR INTENT	(701)	(19,511)	20,212	-
NET ASSETS (DEFICIT), ENDING	$ 164,560	$ 12,546,074	$ 29,216,724	$ 41,927,358

See Notes to Consolidated Financial Statements.

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 392,321	$ 2,263,606	$ 411,008	$ 3,066,935
597,496	705,689	-	1,303,185
304,280	3,380,951	-	3,685,231
125,601	-	-	125,601
403,043	-	-	403,043
(927,168)	-	-	(927,168)
38,947,586	-	-	38,947,586
39,843,159	6,350,246	411,008	46,604,413
3,096,563	(3,096,563)	-	-
42,939,722	3,253,683	411,008	46,604,413
909,434	-	-	909,434
1,457,111	-	-	1,457,111
2,082,322	-	-	2,082,322
283,030	-	-	283,030
129,134	-	-	129,134
11,648,984	-	-	11,648,984
5,152,820	-	-	5,152,820
710,053	-	-	710,053
16,835,985	-	-	16,835,985
34,347,842	-	-	34,347,842
39,208,873	-	-	39,208,873
1,844,812	-	-	1,844,812
192,872	-	-	192,872
2,037,684	-	-	2,037,684
41,246,557	-	-	41,246,557
1,693,165	3,253,683	411,008	5,357,856
(4,959,069)	9,346,477	25,199,321	29,586,729
(2,187)	(5,490)	7,677	-
$ (3,268,091)	$ 12,594,670	$ 25,618,006	$ 34,944,585

KENNESAW STATE UNIVERSITY
FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,982,773	$ 5,357,856
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	5,292,344	5,152,820
Amortization expense	4,187,064	1,547,156
Amortization of bond premiums and original issue discount	(2,002,548)	(1,253,460)
Contributions restricted for long-term investment	(3,578,506)	(411,008)
Contributions of donated art	-	(10,500)
Net realized and unrealized (gain) on investments	(3,324,190)	(3,685,231)
(Increase) decrease in:		
Unconditional promises to give	(2,976,932)	(122,222)
Accounts receivable - related party	(1,131,338)	(40,812)
Notes receivable - related party	31,692	12,941
Other receivables	49,493	(18,816)
Prepaid expenses	100,729	(159,300)
Other assets	44,824	(27,086)
Increase (decrease) in:		
Accounts payable	(30,769)	(93,200)
Accounts payable - related party	(9,682)	(3,659)
Security deposits payable	(1,343)	(1,197)
Accrued expenses	374,142	2,532,571
Accrued interest	(1,271,642)	(52,751)
Annuity obligation	(20,012)	(20,012)
Deferred revenue	171,176	29,312
Net cash provided by operating activities	2,887,275	8,733,402
CASH FLOWS FROM INVESTING ACTIVITIES		
Principal received on net investments in direct financing leases	3,235,954	4,216,386
Purchase of property and equipment	(18,417,742)	(33,179,075)
Net purchase of investments	(195,443)	(5,269,007)
Payments of capital interest	(1,714,944)	(1,714,944)
Net cash (used in) investing activities	(17,092,175)	(35,946,640)

See Notes to Consolidated Financial Statements.

	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for investment in endowment	**3,578,506**	411,008
Payments on notes payable	**(3,455,005)**	(722,314)
Proceeds from note payable	**-**	12,790,473
Proceeds from bond issuance	**113,237,345**	38,592,863
Bond redemption	**(115,600,000)**	(41,315,000)
Debt issuance costs	**(2,007,155)**	(748,618)
Net disbursements from funds held by Trustee	**17,427,344**	13,037,056
Net cash provided by financing activities	**13,181,035**	22,045,468
Net (decrease) in cash	**(1,023,865)**	(5,167,770)
Cash at beginning of year	**10,948,760**	16,116,530
Cash at end of year	**$ 9,924,895**	$ 10,948,760
SUPPLEMENTAL DATA FOR FINANCING ACTIVITIES		
Interest paid (excluding capitalized interest)	**$ 17,412,476**	$ 16,830,151

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities:

Kennesaw State University Foundation, Inc. (the "Foundation") is a nonprofit foundation exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Kennesaw State University Foundation's Mission is to be an advocate for Kennesaw State University (the "University") and to receive, invest, account for, and allocate private gifts and contributions in support of the University, a related party, in Cobb County, Georgia. The Foundation provides student housing, parking, and leases administrative, dining, classroom, and athletic space to the University. The Foundation also operates hospitality space.

Significant accounting policies:

Basis of presentation:

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board's (FASB's) *Not-For-Profit* presentation and disclosure guidance. Under this guidance, the Foundation is required to report information regarding its financial position and activities according to three categories of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are not subject to donor-imposed restrictions. Temporarily restricted net assets are subject to donor-imposed restrictions that may be met either by the actions of the Foundation or the passage of time. Permanently restricted net assets are permanently subject to donor imposed restrictions.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Basis of consolidation:

The consolidated financial statements of Kennesaw State University Foundation, Inc. includes the accounts of Kennesaw State University Foundation, Inc., Kennesaw State University Real Estate Foundation, LLC, KSU Center Real Estate Foundation, LLC, KSU Central Parking Deck Real Estate Foundation, LLC, KSU Chastain Pointe Real Estate Foundation, LLC, KSU Dining Hall Real Estate Foundation, LLC (Dining Hall and Bowen Building), KSU Houses Real Estate Foundation, LLC, KSU Parking Decks Real Estate Foundation, LLC (North, East, and West Decks), KSU Place Real Estate Foundation, LLC (KSU Place I and II), KSU Sports and Recreation Facilities Foundation, LLC, KSU Sports and Recreation Park Real Estate Foundation, LLC, KSU Town Point Real Estate Foundation, LLC, KSU UP Real Estate Foundation, LLC (Austin Residence Complex Phase I), KSU Village I Real Estate Foundation, LLC (University Village and Village Centre), KSU Village II Real Estate Foundation, LLC (University Village Suites), KSU University II Real Estate Foundation, LLC (Austin Residence Complex Phase II), KSUF Housing Management, LLC, Kennesaw Hospitality, LLC (Best Western), Kennesaw State Properties, LLC, KSU SRAC Real Estate Foundation, LLC (Student Recreation and Activities Center), and 3305 Busbee Real Estate Foundation, LLC. Intercompany accounts and all significant intercompany transactions have been eliminated.

Contributions:

Contributions received, including unconditional promises to give, are recognized as revenues in the period received at their estimated fair value less an appropriate allowance for uncollectible amounts. Conditional promises to give are recognized when the conditions are substantially met. Pledges receivable over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The allowance for doubtful pledges is based on specifically identified amounts that the Foundation believes to be uncollectible.

An additional allowance is recorded based on certain percentages of aged pledged receivables, which are determined based on historical experience and management's assessment of the general financial conditions affecting the Foundation's donor base. If actual collections experience changes, revisions to the allowance may be required.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Revenue recognition:

Rental income is recorded under the straight-line method over the lease terms. Rental agreements are generally year-to-year. Deferred revenue represents rent received for future periods. An allowance is recorded based on historical experience and management's assessment of specific accounts.

Advertising costs:

Advertising costs are charged to income as they are incurred. Advertising costs amounted to $245,363 and $361,355 at June 30, 2015 and 2014, respectively.

Split-interest agreements:

The Foundation is the beneficiary of an annuity. The Foundation's interest in split-interest agreements is reported as a contribution in the year received at its net present value.

Donor-imposed restrictions:

The Foundation recognizes the expiration of donor-imposed restrictions in the period in which the restrictions expire.

Temporarily restricted accounting:

Endowment and other income along with private gifts which have donor stipulations that limit their use are recorded as revenue under temporarily restricted net assets and released from restrictions when a stipulated time restriction ends or purpose restriction expires. The related expenses are recorded under unrestricted net assets. Reclassifications of beginning restricted balances may change due to superseded pledge agreements signed subsequent to year end or clarifications with donors. These changes are reflected as transfers on the consolidated statement of activities.

Endowment accounting:

Permanent endowment funds are subject to the restrictions of the gift instruments which require that the principal be invested in perpetuity. Unless explicitly stated in the gift instrument, accumulated realized and unrealized gains of the permanent endowment funds have been classified as temporarily restricted net assets. See Note 16 for discussion on endowment accounting.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Change in donor intent:

During the year ended June 30, 2015, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling $20,212, resulting in transfers from unrestricted net assets to permanently restricted net assets in the amount of $701, and from temporarily restricted net assets to permanently restricted net assets in the amount of $19,511.

During the year ended June 30, 2014, the Foundation obtained a change in donor intent regarding contributions previously recorded totaling $7,677, resulting in transfers from unrestricted net assets to permanently restricted net assets in the amount of $2,187, and from temporarily restricted net assets to permanently restricted net assets in the amount of $5,490.

Donated services:

Donated services are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Donated service expense, which primarily represents salaries, benefits, and rents paid by the University on behalf of the Foundation, is reflected under supporting services as management and general expense in the accompanying consolidated statement of activities. Donated services totaled $119,309 and $125,601 for the years ended June 30, 2015 and 2014, respectively.

Investments:

Investments are recorded at fair value. Donated investments are recorded at fair value on the date received. Realized and unrealized gains and losses on the portfolio are recognized as income or loss.

Donated art:

Donated art is recorded at fair market value on the date received.

Equipment under direct-financing and operating leases:

The Foundation leases real estate to the University. The leases are accounted for as direct-financing type leases. The present value of the minimum lease payments is recorded as an asset and is amortized as payments are received. The difference between gross minimum lease payments and the present value of the gross minimum lease payments is recorded as unearned income and is amortized as payments are received.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Rental property and equipment:

Property and equipment are stated at cost. Substantially all property is held for leasing. Depreciation is computed on the straight-line method over the estimated useful lives of the property and equipment. For property constructed on leased land, the estimated useful life represents the terms of the land lease.

Maintenance and repairs of equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of equipment, the cost and accumulated depreciation are eliminated from the accounts, and gain or loss is included in the statement of activities.

Debt issuance costs:

Debt issuance costs, comprised principally of underwriting, legal, and printing fees, are recorded as deferred charges and amortized over the term of the debt using the effective interest method.

Bond premiums and discounts:

Bond premiums are presented as an increase of the face amount of bonds payable. Bond discounts are presented as a decrease of the face amount of bonds payable. Both are amortized over the term of the debt using the effective interest method.

Use of estimates:

The Foundation prepares its consolidated financial statements in accordance with generally accepted accounting principles, which require management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Fair value of financial instruments:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and temporary investments - The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments - Investments are carried at fair value based on quoted market prices for those or similar investments.

Bond proceeds restricted for construction, debt service, and reserves - Funds held by the trustee are carried at fair value based on quoted market prices for those or similar investments.

Operating funds held by trustee - Funds held by the trustee are carried at fair value based on quoted market prices for those or similar investments.

Bonds payable - Fair value, as disclosed in Note 9, is the price that would be paid to transfer the liability in an orderly transaction between market participants.

Other receivables and payables - The carrying amount approximates fair value because of the short-term maturity of these instruments.

The Foundation follows FASB's fair value measurements and disclosure guidance, which provides a framework for measuring fair value under generally accepted accounting principles. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in the FASB issued guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Fair value of financial instruments: (Continued)

These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Foundation is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

> *Level 1* **–** Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
>
> *Level 2* – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for market transactions involving identical or similar assets or liabilities.
>
> *Level 3* – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities.

If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

For the fiscal years ended June 30, 2015 and 2014, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Significant accounting policies: (Continued)

Income tax status:

The Foundation qualified as a tax-exempt organization as described in Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly supported organization and not as a private foundation. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income. The Foundation follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Foundation's tax-exempt status would not have a material effect on the Foundation's financial statements.

NOTE 2. CONCENTRATION OF CREDIT RISK

Cash is maintained at multiple financial institutions and, as a result, credit exposure to any one institution is limited. The Federal Deposit Insurance Corporation (FDIC) secures accounts in insured institutions up to $250,000 per depositor.

At times, the balance of the Foundation's accounts may exceed the federally insured limits. As of June 30, 2015 and 2014, the Foundation's uninsured cash balances totaled $12,421,786 and $10,579,463, respectively. The Foundation has not experienced any losses on its cash and believes it is not exposed to any significant credit risk on cash.

NOTE 3. PLEDGES RECEIVABLE

Pledges receivable at June 30, 2015 and 2014 consisted of the following unconditional promises to give:

	2015	2014
Unrestricted pledges	$ 118,842	$ 163,614
Restricted pledges to future periods	2,045,935	1,056,375
Endowment pledges	3,440,189	313,597
Unconditional promises to give before discount and allowance for uncollectible pledges	5,604,966	1,533,586
Less unamortized discount	1,155,469	110,237
Subtotal	4,449,497	1,423,349
Less allowance for uncollectible pledges	131,421	82,205
	$ 4,318,076	$ 1,341,144
Amount due in:		
Less than one year	$ 711,014	$ 642,439
One to three years	2,393,652	886,937
More than three years	2,500,300	4,210
Total	$ 5,604,966	$ 1,533,586

Discount rate used was 5 percent.

NOTE 4. INVESTMENTS

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2015:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 2,189,625	$ -	$ -	$ 2,189,625
Government and agency securities	10,039,373	-	-	10,039,373
Corporate bonds	4,185,923	-	-	4,185,923
High yield bonds	574,809	-	-	574,809
Equity securities:				
Large cap value	3,584,330	-	-	3,584,330
Large cap growth	3,718,235	-	-	3,718,235
Mid cap	2,060,785	-	-	2,060,785
Mid cap growth	911,426	-	-	911,426
Small cap	1,986,905	-	-	1,986,905
International equities	3,413,381	-	-	3,413,381
Total equity securities	15,675,062	-	-	15,675,062
Mutual funds:				
Bond funds	859,727	-	-	859,727
Emerging markets	1,165,459	-	-	1,165,459
Hedge funds	2,897,178	-	-	2,897,178
REIT	1,417,813	-	-	1,417,813
Commodities	883,102	-	-	883,102
Total mutual funds	7,223,279	-	-	7,223,279
Total investments at fair value	$ 39,888,071	$ -	$ -	$ 39,888,071

NOTE 4. INVESTMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy described in Note 1, the Foundation's investments at fair value as of June 30, 2014:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 2,077,054	$ -	$ -	$ 2,077,054
Government and agency securities	6,009,396	-	-	6,009,396
Corporate bonds	5,512,182	-	-	5,512,182
High yield bonds	442,096	-	-	442,096
Equity securities:				
Large cap value	3,504,440	-	-	3,504,440
Large cap growth	3,636,444	-	-	3,636,444
Mid cap	2,323,081	-	-	2,323,081
Mid cap growth	1,236,470	-	-	1,236,470
Small cap	1,678,814	-	-	1,678,814
International equities	3,462,758			3,462,758
Total equity securities	15,842,007	-	-	15,842,007
Mutual funds:				
Bond funds	1,167,779	-	-	1,167,779
Emerging markets	1,773,187	-	-	1,773,187
Hedge funds	877,928	-	-	877,928
REIT	1,821,749	-	-	1,821,749
Commodities	845,060	-	-	845,060
Total mutual funds	6,485,703	-	-	6,485,703
Total investments at fair value	$ 36,368,438	$ -	$ -	$ 36,368,438

All of the Foundation's investments are measured using Level 1 inputs (as described in Note 1) except asset-backed government and agency securities. The markets for those securities are less active, and their fair value is measured using third party pricing services for market transactions involving identical or similar securities; thus, they are measured using Level 2 inputs.

Investment expenses incurred totaled $105,839 and $109,335 for the years ended June 30, 2015 and 2014, respectively.

NOTE 5. INVESTMENT IN DIRECT-FINANCING LEASES

The Foundation's leasing operations consist of leasing real estate to the University under direct-financing type leases expiring in various years through 2042.

Following is a summary of the components of the Foundation's net investment in direct-financing type leases at June 30, 2015 and 2014:

	2015	2014
Total minimum lease payments to be received	**$ 419,222,822**	$ 363,391,965
Less unearned income	**186,841,133**	170,341,261
Net investment	**$ 232,381,689**	$ 193,050,704

Net minimum lease payments to be received as of June 30, 2015 for each of the next five years are:

June 30,	
2016	$ 5,975,579
2017	6,506,338
2018	7,075,279
2019	7,595,901
2020	6,682,652
Thereafter	198,545,940
	$ 232,381,689

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 and 2014, consists of the following:

	Life	**2015**	2014
Land	**-**	**$ 4,693,897**	$ 4,586,818
Land improvements	**-**	**75,603**	75,603
Construction in progress	**-**	**-**	23,541,939
Buildings and land improvements	**10-39.5**	**151,033,720**	150,318,000
Furniture, fixtures and equipment	**5**	**10,280,648**	9,827,767
Computer software	**3**	**30,200**	30,200
		166,114,068	188,380,327
Less accumulated depreciation		**52,565,980**	47,105,642
		$ 113,548,088	$ 141,274,685

NOTE 6. PROPERTY AND EQUIPMENT (Continued)

Property consists of student housing, University facilities, classroom and office space, athletic facilities, hospitality, dining facilities, and retail space.

The student housing is rented on a year to year basis with terms primarily beginning in August.

KSU Center, primarily a University facility, has three leases at June 30, 2015. The Foundation leases space to a related party, as well as a third party, on a year to year lease.

Chastain Pointe, primarily an office park, has twenty four leases at June 30, 2015. The Foundation leases space to two related parties on various year to year leases. The Foundation leases space to nine third parties which expire at various times through 2018.

Town Point, primarily an office park, leases space to a related party on a year to year basis.

University Village contains some retail space leased to a third party on a year to year basis. The lease expires in 2018.

At June 30, 2015, future minimum lease payments receivable under the noncancelable KSU Center, Chastain Pointe, Town Point, and University Village operating leases described in the preceding paragraphs are due as follows:

Years ending June 30,		
2016	$	274,660
2017		187,034
2018		87,379
2019		15,021
2020		-
Thereafter		-
	$	564,094

NOTE 7. ASSETS LIMITED AS TO USE

The financing of the purchase of various facilities including student housing, parking decks and residential housing is subject to the terms of Trust Indentures between the Development Authority of Cobb County and Trustees. Under the provisions of the Trust Indentures, Debt Service Reserve Funds will be used to pay principal of, premium, if any, and interest on the bonds if sufficient funds are on deposit with the Trustees on the date such payment is due. The Trust Indentures also provide for other funds, including the Repair and Replacement Funds and the Surplus Funds. Pursuant to the Agreements, the Borrower has agreed to deliver the gross revenues attributable to the project to the Trustees for deposit in the Revenue Funds, as applicable, from which the operating expenses of the project, debt service of the bonds, and other amounts will be paid.

Bond Funds were established to be used as sinking funds to pay the principal of, premium, if any, and interest on the bonds.

NOTE 7. ASSETS LIMITED AS TO USE (Continued)

If on any interest payment date there should be insufficient funds within an account in the bond funds to pay interest, principal or premium due on the respective series of bonds, there shall be transferred to the respective account in the bond funds from the related account in the debt service reserve funds such amounts as are necessary to pay the interest, principal, and premium due on the related series of bonds.

Project Funds were established to maintain bond proceeds which will be used to fund construction. At project completion, any excess in this fund can only be used to repay debt or for additional capital projects.

Capitalized Interest Funds were established to pay interest on the bonds until the account is depleted.

Special Reserve Funds were established under the provisions of the Trust Indentures and will be used to pay principal of, premium, if any, and interest on the bonds if sufficient funds are not on deposit with the Trustee on the date such payment is due.

A summary of the assets limited as to use held by the Trustee under the Trust Indenture as of June 30, 2015 and 2014 is as follows:

	2015	2014
Revenue Funds	**$ 1,019,284**	$ 671,575
Special Reserve Funds	**916,013**	916,359
Debt Service Funds	**17,874,033**	18,073,703
Surplus Funds	**5,265,407**	1,789,101
Bond Funds	**15,195,073**	16,806,427
Project Funds	**2,820,805**	21,380,745
R&R Funds	**3,878,967**	3,071,659
Capitalized Interest Funds	**701,067**	2,388,424
	$ 47,670,649	$ 65,097,993

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2015:

	Level 1	**Level 2**	**Level 3**	**Total**
Fixed income securities	$ 928,459	$ -	$ -	$ 928,459
Total investments at fair value	$ 928,459	$ -	$ -	$ 928,759

NOTE 8. LINE OF CREDIT AND NOTES PAYABLE

During the year ended June 30, 2012, the Foundation entered into an unsecured term note with a bank to re-finance a note that matured. The notes accrue interest at the 30 day LIBOR plus 2.5%, with interest payments due monthly. The note matured in January 2015, with the entire principal balances and remaining interest balances due upon maturity. The balance on the note was $1,550,613 at June 30, 2014 and there was no outstanding balance as of June 30, 2015. During the year ended June 30, 2015, the Foundation elected to use its temporarily restricted funds to pay down the note with the bank.

At the same time, the Foundation entered into an agreement with a bank to open a reducing revolver note for the purpose of maintaining liquidity after the prepayment of the existing term debt. The note matures on October 27, 2017 and bears interest at the 30 day LIBOR rate plus 2.25% and bears an unused commitment fee of .75% payable quarterly in arrears. The note is unsecured and the revolving commitment will be reduced quarterly, based on a 32 month amortization. The total commitment on this note was $1,350,000 and there was no outstanding balance at June 30, 2015.

During the year ended June 30, 2012, the Foundation entered into a term note with a bank to re-finance a note that matured. The note accrues interest at the 30 day LIBOR plus 2.5%, with interest payments due monthly. The note matured January 2015, with the entire principal balance and remaining interest balance due at that time. The note is collateralized by buildings and land. The balance on the note was $1,904,392 at June 30, 2014 and there was no outstanding balance at June 30, 2015. During the year ended June 30, 2015, the Foundation elected to use its temporarily restricted funds to pay down the note.

At the same time, the Foundation entered into an agreement with a bank to open a reducing revolver note for the purpose of maintaining liquidity after the prepayment of the existing term debt. The note matures on October 27, 2017 and bears interest at the 30 day LIBOR rate plus 2.10% and bears an unused commitment fee of .75% payable quarterly in arrears. The note is secured by buildings and land. The revolving commitment will be reduced quarterly, based on a 330 month amortization. The total commitment on this note was $1,900,000 and there was no outstanding balance at June 30, 2015.

During the year ended June 30, 2013, the Foundation entered into an unsecured line of credit of $2,500,000 with a financial institution. The line of credit bears interest at the 30 day LIBOR plus 1.75% and matured February 2015. A 50 basis point fee is charged on the unused capacity. During the year ended June 30, 2015, the Foundation renewed the unsecured line of credit of $2,500,000. The line of credit bears interest at the 30 day LIBOR plus 1.75% and matures February 2016. The line of credit did not have an outstanding balance at June 30, 2015 and 2014.

NOTE 8. LINE OF CREDIT AND NOTES PAYABLE (Continued)

During the year ended June 30, 2014, the Foundation entered into a secured term note with a bank in the amount of $12,790,473 to acquire property that includes seventeen acres of land, an existing 113,000 square foot building, and a paved parking lot that has 722 parking spaces. The University's master plan includes using the repurposed building for a new student health center, additional laboratory space, needed storage space, and a practice facility for a new marching band program. The note accrues interest at the 30 day LIBOR plus 2.25%, with interest payments due monthly. The note matures May 2016, with the entire principal balance and remaining interest balance due at that time. The note is collateralized by the building and land. The balance on the note was $12,718,473 at June 30, 2015 and 2014.

Scheduled maturities on the line of credit and notes payable are as follows:

Years ending June 30,		
2016	$	12,718,473
	$	12,718,473

NOTE 9. BONDS PAYABLE

Series 2004 Bonds Payable:

During the year ended June 30, 2005, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to Kennesaw State University Foundation. The Series 2004A, B, C, and D housing and facilities bonds were issued to finance the cost of construction of 132 beds of new student housing, a portion of the purchase and renovation of the property known as "Chastain Pointe," and refunding of the 2003A bond series, including payment of swap termination fees. The Series 2004 University Facilities Bonds were issued to finance a portion of the purchase and renovation of the property known as "Chastain Pointe" and refund $3,919,200 of the 2003B bond series, including payment of swap termination fees. The Series 2004 Parking Bonds were issued to finance or refinance certain parking facilities and refund a portion of the 2003A and 2003B bond series, including payment of swap termination fees. The obligations of the Foundation under the bond documents are nonrecourse obligations.

The bonds were issued in the aggregate principal amount of $155,060,000. The bonds consist of six series, the "Student Housing Senior Series 2004A" in the amount of $49,715,000, the "University Facilities Taxable Senior Series 2004B" in the amount of $8,050,000, the "Student Housing Subordinate Series 2004C" in the amount of $18,240,000, the "Student Housing Subordinate Series 2004D" in the amount of $34,275,000, the "Series 2004 University Facilities Lease Revenue Bonds" in the amount of $8,400,000, and the "Series 2004 Parking Bonds" in the amount of $36,380,000. The Series 2004A, 2004C, and 2004D bonds will mature on July 15, 2036, subject to mandatory and optional redemption provisions.

NOTE 9. BONDS PAYABLE (Continued)

During the year ended June 30, 2014, $6,285,000 of the 2004A Student Housing Senior Series and $27,205,000 of the 2004C Housing Subordinate Series bonds met the legal requirements for defeasance of the bond liability due to the issuance of 2013A and 2013B Student Housing Refunding Series. Therefore, neither the escrow cash nor the bonds payable for the above mentioned 2004A and 2004C portion are included on the consolidated statement of financial position at June 30, 2014. The partial defeasance resulted in a loss on extinguishment of debt of $927,168 that is included on the consolidated statement of activities for the year ending June 30, 2014.

During the year ended June 30, 2015, $21,455,000 of the 2004A Student Housing Senior Series, $9,005,000 of the 2004C Housing Subordinate Series bonds, and $16,035,000 of the 2004D Student Housing Subordinate Series bonds met the legal requirements for defeasance of the bond liability due to the issuance of 2014A, 2014B, and 2014C Student Housing Refunding Series. The partial defeasance resulted in a loss on extinguishment of debt of $806,299 that is included on the consolidated statement of activities for the year ending June 30, 2015. The remainder of the 2004D Student Housing Subordinate Series bonds met the legal requirements for defeasance of the bond liability due to the issuance of the 2015 Student Housing Refunding Series. The partial defeasance resulted in a loss on extinguishment of debt of $126,538 that is included on the consolidated statement of activities for the year ending June 30, 2015. Therefore, neither the escrow cash nor the bonds payable for the above mentioned 2004A, 2004C, and 2004D portions are included on the consolidated statement of financial position at June 30, 2015.The Series 2004B bonds matured on July 15, 2014, subject to mandatory and optional redemption provisions. The Series 2004 University Facilities Bonds will mature on July 15, 2028, subject to mandatory and optional redemption provisions. The Series 2004 Parking Bonds will mature on July 15, 2029, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, commencing January 15, 2005, at a fixed interest rate set at issuance. Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 2.00% to 5.00%.

The terms of the bonds require the Foundation to set rates and charges University Facilities, such that the debt service coverage ratio, calculated at the end of each fiscal year will not be less than 2.25 with respect to senior indebtedness, 1.5 with respect to senior indebtedness plus subordinated indebtedness, and 1.2 with respect to senior indebtedness plus subordinated indebtedness plus junior subordinated indebtedness.

The terms of the 2004 parking bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2004 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	2004 University Facilities Bonds	2004 Parking Bonds	**Totals**
2016	340,000	1,425,000	**1,765,000**
2017	355,000	1,490,000	**1,845,000**
2018	375,000	1,560,000	**1,935,000**
2019	390,000	1,630,000	**2,020,000**
2020	410,000	1,705,000	**2,115,000**
Thereafter	3,920,000	16,740,000	**20,660,000**
	$ 5,790,000	$ 24,550,000	**$ 30,340,000**

Series 2006 Bonds Payable:

During the year ended June 30, 2007, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to Kennesaw State University Foundation. The Series 2006A and B bonds were issued to repay an interim loan incurred to finance the acquisition of an office building on approximately 6.3 acres, Town Point, the acquisition of approximately 7.2 acres of unimproved land for future development, to pay the cost of issuance of the 2006 bonds and to pay a portion of the premium for a surety bond. The bonds were issued in the aggregate principal amount of $15,055,000. The bonds consist of two series, the “Revenue Bonds 2006A” in the amount of $12,810,000, and the “Taxable Revenue Bonds 2006B” in the amount of $2,245,000. The Series 2006A bonds will mature on July 15, 2031, subject to mandatory and optional redemption provisions. The Series 2006B bonds matured on July 15, 2013, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, commencing July 15, 2007, at a fixed interest rate set at issuance. Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 4.00% to 5.34%.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect and 1.2 in each fiscal year while the rental agreements are not in effect.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2006 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	2006 Bonds
2016	510,000
2017	530,000
2018	555,000
2019	145,000
2020	155,000
Thereafter	9,645,000
	$ 11,540,000

Series 2007 Parking Facilities Bonds Payable:

During the year ended June 30, 2008, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to Kennesaw State University Foundation. The Series 2007 parking facilities bonds were issued to finance the costs of acquisition, construction, and equipping of a parking deck containing approximately 2,500 parking spaces on land leased by KSU Central Parking Deck Real Estate Foundation, LLC, and to fund capitalized interest, debt service reserve, and pay a portion of the costs of issuance of the Series 2007 Parking Facilities Bonds.

The bonds were issued in the aggregate principal amount of $38,550,000. The Series 2007 parking facility bonds will mature on July 15, 2038, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, at a fixed interest rate set at issuance. Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 4.00% to 4.75%.

During 2009, $725,000 of the Series 2007 bonds referenced above meet the legal requirements for defeasance of the bond liability.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2007 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	Parking Facilities 2007 Bonds
2016	830,000
2017	865,000
2018	900,000
2019	935,000
2020	970,000
Thereafter	28,965,000
	$ 33,465,000

Series 2007 Student Housing Bonds Payable:

During the year ended June 30, 2008, the Development Authority of Cobb County issued student housing revenue bonds and loaned the proceeds to Kennesaw State University Foundation. The Series 2007A, B, and C bonds were issued to finance the acquisition, construction, renovation, furnishing and equipping of student housing to be located on the campus of Kennesaw State University on land leased by Village II Real Estate Foundation, LLC, funding a debt service reserve, funding capitalized interest on the Series 2007 bonds, and pay all or a portion of the costs of issuing the Series 2007 bonds.

The bonds were issued in the aggregate principal amount of $53,320,000. The Series 2007A, B and C, bonds will mature on July 15, 2038, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, at a fixed interest rate set at issuance. Interest will accrue at the fixed rate until converted to another fixed rate in accordance with the terms of the Indenture. The applicable interest rates ranged from 3.50% to 5.25%.

During the year ended June 30, 2015, $25,250,000 of the 2007A Student Housing Senior Series, $7,510,000 of the 2007B Student Housing Subordinate Series, and $14,860,000 of the Series 2007C Student Housing Junior Subordinate Series met the legal requirements for defeasance of the bond liability due to the issuance of the 2015A, 2015B, and 2015C Student Housing Refunding Series. Therefore, neither the escrow cash not the bonds payable for the above mentioned 2007A, 2007B, and 2007C series are included on the consolidated statement of financial position at June 30, 2015. The partial defeasance resulted in a loss on extinguishment of debt of $5,727,936 that is included on the consolidated statement of activities for the year ending June 30, 2015.

NOTE 9. BONDS PAYABLE (Continued)

Series 2008 KSU Center Bonds Payable:

During the year ended June 30, 2009, the Development Authority of Cobb County issued Educational Facility Revenue Refunding bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2008 bonds were issued to refund the KSU 1998 Series Bonds. The forward purchase agreement and swap agreement were terminated with the refunding.

The bonds were issued in the aggregate principal amount of $10,495,000. A portion of the Series 2008 bonds will mature each year, with the final maturity date on November 1, 2018, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually, at rates, set at issuance, ranging from 4.00% to 5.00%.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2008 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	2008 Bonds
2016	1,165,000
2017	1,220,000
2018	1,280,000
2019	755,000
2020	-
Thereafter	-
	$ 4,420,000

NOTE 9. BONDS PAYABLE (Continued)

Series 2008 Dining Hall Bonds Payable:

During the year ended June 30, 2009, the Development Authority of Cobb County issued Dining Hall Lease Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2008 bonds were issued to finance the construction of the KSU Dining Hall facility project and to purchase additional University facilities.

The bonds were issued in the aggregate principal amount of $21,955,000. The Series 2008 bonds will mature on July 15, 2039, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, at rates, set at issuance, ranging from 4.00% to 5.75%.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2008 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	2008 Bonds
2016	410,000
2017	430,000
2018	450,000
2019	470,000
2020	495,000
Thereafter	18,095,000
	$ 20,350,000

Series 2010 Sports Stadium and Recreation Park Bonds Payable:

During the year ended June 30, 2011, the Development Authority of Cobb County issued Sports and Recreation Lease Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2010A, B, and C facilities bonds were issued to finance the purchase of land, and the cost of construction for the sports stadium and recreation park.

The bonds were issued in the aggregate principal amount of $66,830,000. The bonds consist of three series, the “University Facilities Series 2010A” in the amount of $43,790,000, the “University Facilities Taxable Series 2010B” in the amount of $5,255,000, and the “Recovery Zone Facility Series 2010C” in the amount of $17,785,000.

NOTE 9. BONDS PAYABLE (Continued)

The Series 2010A and 2010C bonds will mature on July 15, 2040, subject to mandatory and optional redemption provisions. The Series 2010B bonds will mature on July 15, 2020, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, at rates, set at issuance, ranging from 4.00% to 5.125%.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2010 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)		Facilities 2010A, B, and C Bonds
2016		455,000
2017		575,000
2018		715,000
2019		865,000
2020		1,025,000
Thereafter		62,345,000
	$	65,980,000

Series 2011 Student Housing Bonds Payable:

During the year ended June 30, 2012, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2011 bonds were issued to finance the construction of the 2011 Housing project.

The bonds were issued in the aggregate principal amount of $30,215,000. The Series 2011 bonds will mature on July 15, 2041, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, at rates, set at issuance, ranging from 3.00% to 5.00%.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

NOTE 9. BONDS PAYABLE (Continued)

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2011 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	2011 Bonds
2016	610,000
2017	630,000
2018	650,000
2019	670,000
2020	690,000
Thereafter	26,370,000
	$ 29,620,000

Series 2013 Student Recreation and Activities Center Bonds Payable:

During the year ended June 30, 2013, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2013 bonds were issued to finance the construction of the 2013 Student Recreation and Activities Center project.

The bonds were issued in the aggregate principal amount of $43,290,000. The Series 2013 bonds will mature on July 15, 2042, subject to mandatory and optional redemption provisions. The bonds bear interest, payable semiannually on January 15th and July 15th, at rates, set at issuance, ranging from 3.00% to 5.00%.

The terms of the bonds require the Foundation to lease the related facilities to the Board of Regents through year to year rental agreements that have multi-year renewal options, in amounts that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.0 in each fiscal year while the rental agreements are in effect.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Series 2013 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	2013 Bonds
2016	-
2017	970,000
2018	1,000,000
2019	1,030,000
2020	1,060,000
Thereafter	39,230,000
	$ 43,290,000

NOTE 9. BONDS PAYABLE (Continued)

Series 2013 Student Housing Refunding Bonds Payable:

During the year ended June 30, 2014, the Development Authority of Cobb County issued Student Housing Refunding Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2013A and B bonds were issued to refund $6,285,000 of the 2004A Student Housing Senior Series and $27,205,000 of the 2004C Student Housing Subordinate Series.

The bonds were issued in the aggregate principal amount of $36,195,000. The bonds consist of two series, the "Student Housing Senior Series 2013A" in the amount of $28,935,000 and the "Student Housing Subordinate Series 2013B" in the amount of $7,260,000. The Series 2013A will mature on July 15, 2036, subject to mandatory and optional redemption provisions. The Series 2013B will mature on July 15, 2026, subject to mandatory and optional redemption provisions.

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates set at issuance ranging from 2.00% to 5.25%.

The terms of the bonds require the Foundation to set rates and charges for the Housing project, such that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.2.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Housing Series 2013 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	Housing 2013A and B Bonds
2016	1,810,000
2017	1,865,000
2018	1,930,000
2019	2,010,000
2020	2,090,000
Thereafter	26,340,000
	$ 36,045,000

NOTE 9. BONDS PAYABLE (Continued)

Series 2014 Student Housing Refunding Bonds Payable:

During the year ended June 30, 2015, the Development Authority of Cobb County issued Student Housing Refunding Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2014A, B and C bonds were issued to refund $21,455,000 of the 2004A Student Housing Senior Series, $9,005,000 of the 2004C Student Housing Subordinate Series, and $16,035,000 of the 2004D Student Housing Subordinate Series.

The bonds were issued in the aggregate principal amount of $46,540,000. The bonds consist of three series, the “Student Housing Senior Series 2014A” in the amount of $21,520,000, the “Student Housing Subordinate Series 2014B” in the amount of $9,220,000 and the “Student Housing Junior Subordinate Series 2014C” in the amount of $15,820,000. The Series 2014A will mature on July 15, 2036, subject to mandatory and optional redemption provisions. The Series 2014B will mature on July 15, 2036, subject to mandatory and optional redemption provisions. The Series 2014C will mature on July 15, 2036, subject to mandatory and option redemption provisions.

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates set at issuance ranging from 3.00% to 5.00%.

The terms of the bonds require the Foundation to set rates and charges for the Housing project, such that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.2.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Housing Series 2014 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	Housing 2014A, B and C Bonds
2016	785,000
2017	745,000
2018	775,000
2019	810,000
2020	855,000
Thereafter	42,590,000
	$ 46,560,000

NOTE 9. BONDS PAYABLE (Continued)

Series 2015 Student Housing Refunding Bonds Payable:

During the year ended June 30, 2015, the Development Authority of Cobb County issued Student Housing Refunding Revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2015A, B, and C bonds were issued to refund $12,560,000 of the 2004D Student Housing Subordinate Series, $25,250,000 of the 2007A Student Housing Senior Series, $7,510,000 of the 2007B Student Housing Subordinate Series, and $14,860,000 of the 2007C Student Housing Junior Subordinate Series.

The bonds were issued in the aggregate principal amount of $59,790,000. The bonds consist of three series, the "Student Housing Senior Series 2015A" in the amount of $24,465,000, the "Student Housing Subordinate Series 2015B" in the amount of $8,145,000 and the "Student Housing Junior Subordinate Series 2015C" in the amount of $27,180,000. The Series 2015A, B and C will mature on July 15, 2038, subject to mandatory and optional redemption provisions.

The bonds bear interest, payable semiannually on January 15th and July 15th, at rates set at issuance ranging from 2.00% to 5.00%.

The terms of the bonds require the Foundation to set rates and charges for the Housing project, such that the debt service coverage ratio, calculated at the end of each fiscal year, will not be less than 1.2.

The Foundation shall exercise its option under the Loan Agreement and Indenture to have the Housing Series 2015 bonds redeemed in the principal amounts set forth in the following table:

Redemption Date (July 15,)	Housing 2015A, B and C Bonds
2016	100,000
2017	1,190,000
2018	1,215,000
2019	1,270,000
2020	1,325,000
Thereafter	54,690,000
	$ 59,790,000

NOTE 9. BONDS PAYABLE (Continued)

Summary:

A summary of the components of bonds payable at June 30, 2015 and 2014 is as follows:

	2015	2014
Series 2004 bonds payable	$ 30,340,000	$ 93,380,000
Series 2006 bonds payable	11,540,000	12,030,000
Series 2007 bonds payable	33,465,000	82,930,000
Series 2008 bonds payable	24,770,000	26,280,000
Series 2010 bonds payable	65,980,000	66,330,000
Series 2011 bonds payable	29,620,000	30,215,000
Series 2013 bonds payable	79,335,000	79,485,000
Series 2014 bonds payable	46,560,000	-
Series 2015 bonds payable	59,790,000	-
Unamortized original issue premium, net	9,331,820	4,447,023
	$ 390,731,820	$ 395,097,023

Bond interest expense incurred totaled $15,439,412 and $16,447,309 for the years ended June 30, 2015 and 2014, respectively. Interest totaling $1,714,944 was capitalized during both the years ended June 30, 2015 and 2014.

The fair value of the bonds at June 30, 2015 and 2014 was $435,788,300 and $418,729,352, respectively.

NOTE 10. SPLIT-INTEREST AGREEMENTS

During 2002, the Foundation received a charitable gift of stock in exchange for the Foundation's promise to pay a fixed amount for a specified period of time to the donor. The stock received is included in investments at a fair value of $366,180 and $400,963 at June 30, 2015 and 2014, respectively. The annuity obligation is $63,788 and $83,800 at June 30, 2015 and 2014, respectively. The present value of the annuity liability was calculated using a 5.6% discount rate.

NOTE 11. LEASE COMMITMENTS

The Foundation entered into four ground leases in August 2001 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating, and maintaining a student housing facility (Austin Residence Complex Phase I), two parking decks, and an expansion of one parking deck. The primary term of the student housing facility ground lease is thirty years and the primary term of the three parking deck leases is twenty-five years. The Foundation agreed to pay the Board of Regents of the University System of Georgia the sum of one dollar per year in advance upon execution of three of the leases.

NOTE 11. LEASE COMMITMENTS (Continued)

The Foundation agreed to pay the Board of Regents of the University System of Georgia the sum of $197,600 per year for the North Deck ground lease. The Foundation entered into a ground lease in October 2003 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating, and maintaining a student housing facility (University Village). The primary term of the student housing facility ground lease was twenty five years. The Foundation entered into an amendment agreement in June 2010 with the Board of Regents of the University System of Georgia to extend the lease maturity terms of the original lease by an additional five years and eight months, extending the lease life to over thirty years. In the amendment agreement, the Foundation agreed to pay the lessor the sum of twenty thousand dollars per year.

The Foundation entered into a ground lease in October of 2007 with the Board of Regents of the University System of Georgia for the purposes of erecting, operating and maintaining student housing. The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a ground lease in November of 2007 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating and maintaining a parking deck (Central Parking Deck). The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a ground lease in November of 2008 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating and maintaining a dining hall. The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a ground lease in August of 2011 with the Board of Regents of the University System of Georgia for the purposes of erecting, operating and maintaining student housing. The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

The Foundation entered into a ground lease in March of 2013 with the Board of Regents of the University System of Georgia for the purpose of erecting, operating and maintaining a student recreation activity center. The term of the lease is thirty years. The Foundation agreed to pay the lessor the sum of ten dollars per year in advance upon execution of the lease.

Title to the improvements vest with the Lessee until the end of the primary term, unless sooner terminated pursuant to the terms of the lease. The Foundation agreed to convey right, title, and interests and surrender possession of the premises and improvements at the expiration of the primary term or such date of earlier termination pursuant to the provisions of the lease.

NOTE 11. LEASE COMMITMENTS (Continued)

At June 30, 2015, future minimum lease payments payable under the noncancelable operating leases described in the preceding paragraphs are due as follows:

Years ending June 30,	Totals
2016	$ 217,600
2017	217,600
2018	217,600
2019	217,600
2020	217,600
Thereafter	2,098,400
	$ 3,186,400

NOTE 12. DEFERRED COMPENSATION PLAN

The Foundation has non-qualified deferred compensation arrangements whereby an obligation has been recorded. At June 30, 2015 and 2014, the obligation was $208,084 and $137,520, respectively, and recorded in accrued expenses on the statements of financial position.

NOTE 13. MANAGEMENT AGREEMENT

On June 30, 2004, the Foundation entered into a management agreement with a third party for the management of Chastain Pointe. The agreement provides for the payment of 3% of gross monthly collections. On February 28, 2014, the Foundation entered into a management agreement with a different third party for the management of Chastain Pointe. The new agreement provides for a monthly payment of $3,000. Management fee expense related to this agreement amounted to $36,000 and $36,241 at June 30, 2015 and 2014, respectively.

On December 20, 2005, the Foundation entered into a management agreement with a third party for the management of Town Point. The agreement provides for a monthly payment of $3,785. Management fee expense related to this agreement amounted to $46,896 and $45,540 for the years ended June 30, 2015 and 2014, respectively.

On November 5, 2008, the Foundation entered into a management agreement with a third party for the management of the Best Western hotel purchased by a wholly-owned subsidiary. The agreement provides for a monthly payment of 5% of the hotel's gross monthly revenues plus $800 for monthly financial statement reporting. Management fee expense related to this agreement amounted to $75,174 and $68,604 for the years ended June 30, 2015 and 2014, respectively.

NOTE 14. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets available for University support consist of the following at June 30:

	2015	2014
Departmental use		
Cash	**$ 3,116,164**	$ 5,763,766
Unconditional promises to give	**1,676,490**	978,733
Prepaid expenses	**-**	4,000
Due from unrestricted fund	**3,021,462**	-
Investments	**4,738,591**	5,803,153
Donated art	**225,300**	225,300
Accounts payable and accrued expenses	**(70,169)**	(67,850)
Accounts payable – related party	**(97,976)**	(28,632)
Gift annuity payable	**(63,788)**	(83,800)
	$ 12,546,074	$ 12,594,670

Permanently restricted net assets which earnings are used for University support consist of the following at June 30:

	2015	2014
Perpetuity and income restrictions		
Cash	**$ 52,123**	$ 11,717
Unconditional promises to give	**2,595,256**	253,707
Investments	**25,534,586**	24,340,549
Donated art	**841,000**	841,000
Loan for under water endowments	**193,759**	171,033
	$ 29,216,724	$ 25,618,006

NOTE 15. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended June 30, 2015 and 2014 by incurring expenses satisfying the restricted purposes specified by donors as follows:

Purpose restrictions accomplished:

	2015	2014
Scholarships and awards	**$ 1,160,556**	$ 906,434
Athletic programs	**18,536**	2,664
Academic programs	**1,207,298**	1,267,154
Special events and programs	**41,488**	29,238
Other university support	**1,074,506**	891,073
	$ 3,502,384	$ 3,096,563

NOTE 16. ENDOWMENT

Interpretation of Relevant Law

In approving endowment spending and related policies, as part of the prudent and diligent discharge of its duties, the Board of Trustees of the Foundation, as authorized by the UPMIFA, has relied upon the actions, reports, information, advice, and counsel taken or provided by its duly constituted committees and the duly appointed officers of the Foundation and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor directions to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the Foundation classifies as permanently restricted net assets the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

The portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified for accounting and financial statement purposes in accordance with requirements of the Financial Accounting Standards Board and the law.

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $193,759 and $171,033 as of June 30, 2015 and 2014, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

NOTE 16. ENDOWMENT (Continued)

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar assets classes while assuming a moderate level of investment risk. The following are benchmark indexes: Russell Top 200 Index, Russell Mid Cap Index, Russell 2000 Index, MSCI EAFE Index (Net), MSCI Emerging Markets Index (Net), Barclays Aggregate Bond Index, Barclays Global High Yield Index, Citigroup WGBI ex USD, FTSE NAREIT all REIT Index and Dow Jones Commodity Index. The Foundation's target rate of the return 6.75% annually. Actual returns in any given year may vary from this amount.

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 targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

At June 30, 2015 and 2014, the target assets allocations were as follows:

	2015	2014
Large Cap Domestic Equity	**21%**	21%
Mid Cap Domestic Growth Equity	**10%**	10%
Small Cap Domestic	**5%**	5%
Domestic Bonds	**24%**	24%
Foreign Bonds	**3%**	3%
High Yield Bonds	**4%**	4%
International Equity	**10%**	10%
Emerging Markets	**7%**	7%
Commodities	**6%**	6%
Real Estate	**5%**	5%
Hedge Funds	**5%**	5%
	100%	100%

NOTE 16. ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Related to Spending Policy

The Foundation had an endowment spending policy for the years ending June 30, 2015 and 2014 appropriating for distribution 0% to 3.25% and 0% to 3.5%, respectively, calculated based on a sliding scale of its endowment fund's fair value as of the calendar year-end of preceding fiscal year in which the distribution is planned. The sliding scale was based on the balance of each endowment in relation to the corpus balance of each endowment. The Foundation's Board of Trustees review spending policies annually and approve distributions they deem to be prudent.

The Endowment Net Asset Composition by type of Fund as of June 30, 2015 is as follows:

	Endowment Net Asset Composition by Type of Fund as of June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (193,759)	$ 4,572,311	$ 29,216,724	$ 33,595,276
Total funds	$ (193,759)	$ 4,572,311	$ 29,216,724	$ 33,595,276

The Changes in Endowment Net Assets for the year ended June 30, 2015 are:

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (171,033)	$ 5,641,496	$ 25,618,006	$ 31,088,469
Investment return:				
Investment income	-	620,851	-	620,851
Realized and unrealized gains (losses) below the permanent corpus	(22,726)	22,726	-	-
Net appreciation (realized and unrealized)	-	(249,566)	-	(249,566)
Total investment return	(22,726)	394,011	-	371,285
Contributions	-	12,575	3,578,506	3,591,081
Appropriation of endowment assets for expenditure	-	(1,218,349)	-	(1,218,349)
Net asset reclassification due to change in donor intent	-	(257,422)	20,212	(237,210)
Endowment net assets, end of year	$ (193,759)	$ 4,572,311	$ 29,216,724	$ 33,595,276

NOTE 16. ENDOWMENT (Continued)

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

	2015
Permanently Restricted Net Assets	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA	$ 29,216,724
Total endowment funds classified as permanently restricted net assets	$ 29,216,724
Temporarily Restricted Net Assets	
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:	
Without purpose restrictions	$ -
With purpose restrictions	4,572,311
Total endowment funds classified as temporarily restricted net assets	$ 4,572,311

The Endowment Net Asset Composition by type of Fund as of June 30, 2014 is as follows:

	Endowment Net Asset Composition by Type of Fund as of June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (171,033)	$ 5,641,496	$ 25,618,006	$ 31,088,469
Total funds	$ (171,033)	$ 5,641,496	$ 25,618,006	$ 31,088,469

NOTE 16. ENDOWMENT (Continued)

The Changes in Endowment Net Assets for the year ended June 30, 2014 are:

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2014			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, beginning of year	$ (356,255)	$ 2,743,019	$ 25,199,321	$ 27,586,085
Investment return:				
Investment income	-	694,066	-	694,066
Realized and unrealized gains (losses) below the permanent corpus	185,222	(185,222)	-	-
Net appreciation (realized and unrealized)	-	3,503,509	-	3,503,509
Total investment return	185,222	4,012,353	-	4,197,575
Contributions	-	5,663	411,008	416,671
Appropriation of endowment assets for expenditure	-	(1,119,539)	-	(1,119,539)
Net asset reclassification due to change in donor intent	$ -	-	7,677	7,677
Endowment net assets, end of year	$ (171,033)	$ 5,641,496	$ 25,618,006	$ 31,088,469

Description of Amounts Classified as Permanently Restricted Net Assets and Temporarily Restricted Net Assets (Endowment Only)

	2014
Permanently Restricted Net Assets	
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA	$ 25,618,006
Total endowment funds classified as permanently restricted net assets	$ 25,618,006
Temporarily Restricted Net Assets	
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:	
Without purpose restrictions	$ -
With purpose restrictions	5,641,496
Total endowment funds classified as temporarily restricted net assets	$ 5,641,496

NOTE 17. RELATED PARTY TRANSACTIONS

The Foundation has entered into an agreement with Kennesaw State University to manage the parking decks that are leased to the University. Total management fees paid to the Foundation under this agreement was $97,000 for both the years ended June 30, 2015 and 2014.

The Foundation entered into an operating agreement with the University to manage its Austin Residential Complex Phase II. Total fees paid to the Foundation under this agreement were $137,456 for the years ended June 30, 2015 and 2014.

The Foundation has a note receivable from KSU Athletics in the amount of $56,250 and $75,000 at June 30, 2015 and 2014, respectively.

The Foundation has a note receivable from the Kennesaw State University Research Foundation of $3,235 and $16,176 at year end June 30, 2015 and 2014, respectively.

The Foundation has $980,000 and $825,000 of expense reimbursement for housing included in the consolidated statement of activities in other university support as of June 30, 2015 and 2014.

The Foundation acts as an agent on behalf of Kennesaw State University and invests amounts previously gifted to the University. At June 30, 2015 and 2014, the total balance recorded as an agency fund asset and liability are $438,822 and $451,306, respectively.

At June 30, 2015 and 2014, amounts due from the University are as follows:

	2015	2014
ARC II Management Fee	**$ 161,533**	$ -
ARC II Initiative	**83,325**	83,325
ARC II Operations	**23,757**	-
Surface Parking Agreement	**158,060**	158,060
Utility Expense North Deck, HOOT	**16,601**	7,740
Sports Park Events	**191,698**	118,366
Insurance Reimbursements	**21,985**	-
Chastain Pt Facilities Use Agreements	**71,960**	-
KSU Center R&R	**785,000**	-
	$ 1,513,919	$ 367,491

NOTE 17. RELATED PARTY TRANSACTIONS (Continued)

At June 30, 2015 and 2014, amounts due to the University are as follows:

	2015	2014
Housing MOU	**$ 980,000**	$ 825,000
North Parking Deck Ground Lease	**197,600**	197,600
Village Suites Ground Lease	**20,000**	-
Resident Housing Fee Payable	**6,887**	16,490
Operating Accounts Payable	**331,768**	204,434
ARC Phase II Management Agreement	**-**	46,786
Sports Park Operations	**72,223**	93,591
	$ 1,608,478	$ 1,383,901

NOTE 18. SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events occurring through October 9, 2015, the date on which the financial statements were available to be issued. See below for a discussion of subsequent events noted.

On September 2, 2015, the Development Authority of Cobb County issued $37,285,000 in revenue bonds and loaned the proceeds to Kennesaw State University Foundation. The bonds were issued to refund the 2004 Parking Series, 2004 University Facilities Series, and 2006A and 2006B Town Point Series.

On September 4, 2015, the Foundation sold the real property at 3305 Busbee Parkway to the Board of Regents for $12,550,000.