Note 2—Summary of significant accounting policies (continued)

Net Assets With Donor Restrictions – Net assets from contributions and other inflows of assets limited by donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity, and are subject to the fluctuation of investments and periodic allocations made for spending specified by donor stipulations and applicable law. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed or when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Expenditures that relate to the fulfillment of the restriction are shown as a reduction in revenue with donor restrictions as net assets released from restrictions.

Unrealized and realized gains and losses, and dividends and interest from investing activities may be included in either of these net asset classifications depending on donor-imposed restrictions and the Foundation's interpretation of relevant state law.

Revenue Recognition – 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 existing barriers are met. Promises to give due 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 promises to give is based on specifically identified amounts that the Foundation believes to be uncollectible.

An additional allowance is recorded based on certain percentages of aged promises to give, 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.

Rental income is recorded under the straight-line method over the lease terms and is recognized when the rental payments become due. 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.

The Foundation collects certain management fees, and real estate services fees to support the cost of Foundation operations, carried on in support of the University. The Foundation considers these service fees to be without donor restrictions and are recognized over time as services are rendered. These amounts are disclosed as management fee income in the consolidated statements of activities.

Advertising Costs – Advertising costs are charged to income as they are incurred. Advertising costs amounted to $12,022 and $6,535 for the years ended June 30, 2022 and 2021, respectively.

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

Contributed Nonfinancial Assets – The Foundation records contributed nonfinancial assets at their estimated fair value on the date of receipt and reported as expense when utilized.

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 net investment returns.

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

Note 2—Summary of significant accounting policies (continued)

Property Under Direct-Financing – 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. Interest on the direct financing leases is recognized over the lease term using the effective interest method.

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 consolidated statements of activities.

Cash and Cash Equivalents – The amount reported in the consolidated statements of financial position as cash and cash equivalents approximates fair value due to the short maturity of these instruments. The Foundation considers all non-restricted highly-liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

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. Debt issuance costs are presented as a decrease of the face amount of bonds payable in the consolidated statement of financial position.

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 related bonds payable using the effective interest method.

Use of Estimates – The Foundation prepares its consolidated financial statements in accordance with U.S. GAAP, which requires 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.

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. Alternative investments, which are not readily marketable, are carried at estimated fair values as provided by external investment managers. The Foundation reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in estimating the fair value of the alternative investments. The estimated fair values may differ significantly from the values that would have been used had ready markets for these securities existed.

Private Investment Funds – Private investment funds are valued at the net asset value ("NAV") of shares on the last day of the fiscal year. The external fund managers utilize a security pricing hierarchy as its basis for fair value measurement.

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.

Note 2—Summary of significant accounting policies (continued)

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 10, 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 U.S. GAAP. 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.

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, 2022 and 2021, 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 2—Summary of significant accounting policies (continued)

Income Tax Status – The Foundation qualified as a tax-exempt organization as described in IRC 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 consolidated financial statements.

The Foundation files Form 990 in the U.S. federal jurisdiction and the state of Georgia.

The Foundation received income, which is considered unrelated business income subject to federal and state income taxes. At June 30, 2022, the Foundation had net operating loss carryforwards of $573,095 available to offset future taxable income and expiring at various dates from 2033 through 2034.

Functional Allocation of Expenses – The cost of providing the various programs and other activities have been summarized on a functional basis on the consolidated statement of activities. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as required by the Financial Accountings Standards Board ("FASB") *Not-for-Profit* presentation and disclosure guidance.

The consolidated financial statements report 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 that are allocated include advertising and promotion, office expenses, information technology, occupancy, travel, conferences, conventions and meetings, investment management fees, other professional fees, and dues and professional memberships, which are all allocated on the basis of estimates of time and effort.

Concentration of Credit Risk – Cash and cash equivalents are maintained at multiple financial institutions and, as a result, credit exposure to any one institution is limited. The Federal Deposit Insurance Corporation 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, 2022 and 2021, the Foundation's uninsured cash and cash equivalent balances totaled approximately $25,200,000 and $38,400,000, respectively. The Foundation has not experienced any losses on its cash and cash equivalents and believes it is not exposed to any significant credit risk on deposits at financial institutions.

New Accounting Pronouncements – In September 2020, FASB issued Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the guidance is to increase the transparency of contributed nonfinancial assets through improvements to the presentation and disclosure of such assets. The guidance does not change existing recognition and measurement requirements for contributed nonfinancial assets. The Foundation adopted ASU 2020-07 for the year ended June 30, 2022, with no material impact to the consolidated financial statements.

Note 3—Liquidity and availability of resources

The Foundation defines financial assets available for general expenditure as only assets included in accounts without restrictions. Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2022	2021
Financial assets at year-end:		
Cash and cash equivalents	$ 3,727,085	$ 8,844,741
Promises to give – without donor restriction, net	41	-
Rents receivable	158,268	27,090
Accounts receivable – other	7,501	26,004
Accounts receivable – related party	511,536	535,073
Non-endowed investments	18,341,738	13,948,018
Assets limited as to use	68,796,389	89,715,201
	91,542,558	113,096,127
Designations on liquid assets:		
Board-designated assets for housing reserves	2,468,007	3,081,882
Board-designated assets for scholarships	585,009	686,978
Board-designated assets for scholarship matching	1,000,000	1,000,000
Board-designated assets for endowment	331,231	458,145
Board-designated assets for match advance	-	70,000
Board-designated assets for campus services	169,407	-
Quasi-endowment	68,605	-
Cash restricted to capital projects	1,129,935	1,142,035
Amounts held or pledges under bond trust agreements	68,900,793	89,875,962
	74,822,394	96,315,002
Total financial assets without donor or other restrictions available for general use within one year	$ 16,720,164	$ 16,781,125

As part of the Foundation's liquidity plan, the Foundation allocates approximately half of its annual operating expenses, or approximately $4,000,000, as an operating reserve plus a $1,600,000 working capital reserve. At June 30, 2022, the Foundation's operating reserves were approximately $4,299,000. The remaining balance of approximately $10,991,000 was available as undesignated liquid assets. The Foundation has current liabilities at June 30, 2022 of approximately $7,187,000 leaving a remaining balance of $3,804,000 as undesignated and uncommitted liquid assets.

The Foundation's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specified purposes. Donor-restricted endowment funds are not available for general expenditure.

Note 4—Contributed nonfinancial assets

The Foundation received paintings, lithographs, prints, books, historical documents, printed music, a motorcycle, and antique artifacts to be used for research, study, or public viewing in furthering the mission of the University. These gifts-in-kind are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Gifts-in-kind are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Donated gifts-in-kind are not sold, and goods are only distributed for program use.

Nonfinancial Contributions Category	Type of Contributions	2022	2021
Donated rents	Office space	$ 164,717	$ 63,885
Donated salaries	Salaries	506,120	453,500
Artwork	Paintings, lithographs and prints	169,300	22,200
Media	Books, historical documents and printed music	3,797	30,984
Vehicle	Motorcycle	4,500	-
Artifacts	Various artifacts	502	19,965
		$ 848,936	$ 590,534

Donated service expense, which represents salaries 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 statements of activities. Donated services totaled $670,837 and $517,385 for the years ended June 30, 2022 and 2021, respectively.

Note 5—Promise to give

Promises to give at June 30, 2022 and 2021 consisted of the following unconditional promises to give:

	2022	2021
Promises to give without donor restrictions	$ 41	$ 573
Promises to give with donor restrictions – purpose restrictions	7,636,595	9,300,975
Promises to give with donor restrictions – perpetual in nature	9,235,783	8,595,585
Unconditional promises to give before discount and allowance for uncollectible pledges	16,872,419	17,897,133
Less unamortized discount	(1,014,669)	(1,156,372)
	15,857,750	16,740,761
Less allowance for uncollectible promises to give	(215,326)	(271,008)
	15,642,424	16,469,753
Amount due in:		
Less than one year	2,064,023	4,089,706
One to three years	9,071,969	8,241,457
More than three years	5,736,427	5,565,970
	$ 16,872,419	$ 17,897,133

For the years ended June 30, 2022 and 2021, the discount rate used was 1% for both years.

Two donors accounted for 59% of gross unconditional promises to give as of June 30, 2022. Three donors accounted for 73% of gross unconditional promises to give as of June 30, 2021.

Note 6—Investments

The following table sets forth by level, within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
U.S. equity	$ -	$ -	$ -	$ 1,215,230	$ 1,215,230
Global equity	-	-	-	42,657,956	42,657,956
Corporate bonds	13,122,153	-	-	-	13,122,153
Commercial paper	-	1,971,640	-	-	1,971,640
Government and agency securities	7,938,880	-	-	-	7,938,880
Public natural resources equity	-	-	-	4,388,178	4,388,178
Mutual funds:					
Core bonds	-	-	-	9,172,279	9,172,279
Credit	-	-	-	5,325,608	5,325,608
Hedge funds	-	-	-	9,570,383	9,570,383
REIT	-	-	-	2,344,021	2,344,021
Total mutual funds	-	-	-	26,412,291	26,412,291
Private equity	-	-	-	2,378,085	2,378,085
Private credit	-	-	-	755,902	755,902
Private real assets	-	-	-	5,836,294	5,836,294
Total investments	$ 21,061,033	$ 1,971,640	$ -	$ 83,643,936	$ 106,676,609

The following table sets forth by level, within the fair value hierarchy described in Note 2, the Foundation's investments at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
U.S. equity	$ -	$ -	$ -	$ 1,392,723	$ 1,392,723
Global equity	-	-	-	46,936,738	46,936,738
Corporate bonds	12,960,220	-	-	-	12,960,220
Public natural resources equity	-	-	-	4,835,088	4,835,088
Mutual funds:					
Core bonds	-	-	-	8,702,108	8,702,108
Credit	-	-	-	5,897,202	5,897,202
Hedge funds	-	-	-	8,458,156	8,458,156
REIT	-	-	-	4,305,378	4,305,378
Total mutual funds	-	-	-	27,362,844	27,362,844
Private capital	-	-	-	60,000	60,000
Total investments	$ 12,960,220	$ -	$ -	$ 80,587,393	$ 93,547,613

Note 6—Investments (continued)

The real estate funds invest primarily in U.S. commercial real estate. The fair values of the investment in this category have been estimated using NAV of the Foundation's ownership interest in partners' capital. These investments are less liquid and, generally, cannot be redeemed with the funds through normal redemption procedures. Under the Fund's share repurchase plan, redemption can be requested based on the frequency disclosed in the following tables and is subject to acceptance by the Fund manager.

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

The following table presents the nature and risk of assets with fair values estimated using NAV held at June 30, 2022:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
U.S. equity	$ 1,215,230	$ -	N/A	N/A
Global equity	42,657,956	-	Daily, Monthly, Quarterly	30 - 60 days
Equity securities:				
Public natural resources	4,388,178	-	N/A	N/A
Mutual funds:				
Core bonds	9,172,279	-	N/A	N/A
Credit	5,325,608	-	Quarterly	60 days
Hedge funds	9,570,383	-	N/A	N/A
REIT	2,344,021	-	N/A	N/A
Private capital**	8,970,281	14,700,584	Illiquid	N/A
	$ 83,643,936	$ 14,700,584		

Note 6—Investments (continued)

The following table presents the nature and risk of assets with fair values estimated using NAV held at June 30, 2021:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
U.S. equity	$ 1,392,723	$ -	N/A	N/A
Global equity	46,936,738	-	Daily, Monthly, Quarterly	30 - 60 days
Equity securities:				
Public natural resources	4,835,088	-	N/A	N/A
Mutual funds:				
Core bonds	8,702,108	-	N/A	N/A
Credit	5,897,202	-	Quarterly	60 days
Hedge funds	8,458,156	-	N/A	N/A
REIT	4,305,378	-	N/A	N/A
Private capital**	60,000	12,190,000	Illiquid	N/A
	$ 80,587,393	$ 12,190,000		

***Private Capital* – Private capital includes private equity, private credit, and private real estate which includes investments in private equity and real asset funds. The real asset funds invest in global real estate investments, utilizing a variety of strategies, for purpose of generating income and capital appreciation. The private equity funds, which include venture capital funds, make direct and indirect investments in privately and publicly issued debt equity securities. Strategies employed by the private equity funds include distress, growth equity, buyout, alternative credit, and opportunistic strategies across a variety of industries and geographies. A portion of this class also invests in social impact companies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this class is that distributions are received through liquidation of the underlying assets of the funds.

Net investment return, as reported in the accompanying statements of activities, is comprised of the following for the years ended June 30:

	2022	2021
Interest and dividends	$ 740,709	$ 1,480,332
Net realized and unrealized gains	(9,675,996)	16,016,263
Investment expenses	(365,228)	(244,846)
Total net investment return	(9,300,515)	17,251,749
Less endowment net investment return	10,042,041	(16,262,962)
Operating net investment return	$ 741,526	$ 988,787

Operating net investment return is generated from short-term and designated investments. The Foundation invests in a variety of investments, which are subject to fluctuations in market values and expose the Foundation to a certain degree of interest and credit risk. The Foundation invests in private investment funds as part of the Foundation's asset allocation. The investments in private capital are an alternative investment strategy with the purpose of increasing the diversity of the Foundation's holdings and is consistent with the Foundation's overall investment objectives.

Note 6—Investments (continued)

The private investment funds are not traded on an exchange and, accordingly, investments in such funds may not be as liquid as investments in marketable equity or debt securities. The private investment funds may invest in other private investment funds, equity, or debt securities, which may or may not have readily available fair values, and foreign exchange or commodity forward contracts. Management relies on various factors to estimate the fair value of these investments.

Management believes its processes and procedures for valuing investments are effective and that its estimate of value is reasonable. However, the factors used by management are subject to change in the near term and, accordingly, investment values and performance can be affected. The effect of these changes could be material to the accompanying consolidated financial statements.

Note 7—Investments 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 2052.

Following is a summary of the components of the Foundation's net investment in direct-financing type leases at June 30, 2022 and 2021:

	2022	2021
Total minimum lease payments to be received	$ 288,880,870	$ 302,756,494
Less unearned income	(93,415,589)	(108,353,011)
Net investment in direct financing leases	$ 195,465,281	$ 194,403,483

Net minimum lease payments to be received as of June 30, 2022 are:

Years Ending June 30,	
2023	$ 9,762,235
2024	10,194,419
2025	10,656,399
2026	11,143,571
2027	9,867,323
Thereafter	143,841,334
	$ 195,465,281

Note 8—Property and equipment, net

Property and equipment, net at June 30, 2022 and 2021 consisted of the following:

	Life	2022	2021
Land		$ 3,450,568	$ 3,465,296
Land improvements		69,348	75,603
Building improvements	10-39.5	135,597,830	133,712,011
Furniture, fixtures, and equipment	5	11,927,052	15,215,544
Computer software	3	82,581	82,581
Construction in progress		35,336,621	17,883,361
		186,464,000	170,434,396
Less accumulated depreciation		(81,218,102)	(79,714,242)
		$ 105,245,898	$ 90,720,154

Property consists of student housing, University facilities, land held for future University development, classroom and office space, athletic facilities, dining facilities, and retail space.

Depreciation expense for the years ended June 30, 2022 and 2021 was $5,772,007 and $5,429,139, respectively.

Interest expense capitalized was approximately $1,216,000 and $914,500, respectively, for the years ended June 30, 2022 and 2021.

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

Effective July 1, 2017, the Foundation entered into a master lease agreement for the entire Chastain Pointe property with the Board of Regents of the University System of Georgia (the “Board of Regents”).

During the year ended June 30, 2020, the Foundation entered into a new agreement through the KSU 2020 Housing Real Estate Foundation to construct new housing on campus. The remaining estimated costs to complete the contract as of June 30, 2022, is approximately $5.5 million.

Note 9—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 insufficient 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.

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.

Note 9—Assets limited as to use (continued)

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.

A summary of the assets limited as to use held by the Trustee under the Trust Indenture as of June 30, 2022 and 2021 is as follows:

	2022	2021
Revenue funds	$ 114	$ 1,460,818
Debt service reserve funds	14,431,051	16,804,960
Surplus funds	6,116,367	3,594,419
Bond funds	18,753,746	20,580,343
Project funds	8,849,509	34,885,042
R&R funds	20,645,602	12,389,619
	$ 68,796,389	$ 89,715,201

Note 10—Bonds payable

The Foundation has entered into multiple loan agreements to borrow bond proceeds from the Development Authority of Cobb County or Development Authority of the city of Marietta. The Foundation uses the proceeds of these loans to fund construction, acquisition, renovation, and the equipping of various facilities located on the University's campus. The properties are secured by certain real properties and by the Foundation's interest in certain rents and leases derived from these facilities. The bonds are paid semi-annually. Maturity is subject to mandatory and optional redemption. The terms of the bonds require the Foundation to lease the related facility to the Board of Regents through year-to-year rental agreements that have multi-year renewal options, in amounts that debt service coverage ratio calculated at the end of the fiscal year is not less than prescribed limits while the rental agreements are in affect. The Foundation shall exercise its option under the Loan Agreement and Indenture to have the bonds redeemed in the principal amounts set forth in the loan agreements.

Note 10—Bonds payable (continued)

Revenue Bonds	Debt Service Coverage Ratio Minimum	Original Issue Amount	Interest Rates	Maturing Through Year	Outstanding Balances 2022	Outstanding Balances 2021
Series 2011 Student Housing	1.00	30,215,000	3.00% - 5.00%	2041	$ -	$ 25,645,000
Series 2013 Student Recreation and Activities Cente	1.00	43,290,000	3.00% - 5.00%	2042	-	38,135,000
Series 2013 Student Housing Refunding						
Student Housing Senior Series 2013A	1.20	7,260,000	2.00% - 5.25%	2036	18,255,000	19,960,000
Student Housing Subordinate Series 2013B	1.20	28,935,000	2.00% - 5.25%	2026	3,635,000	4,205,000
Series 2013 Housing Refunding	1.00	27,130,000	2.00% - 5.00%	2029	12,895,000	14,685,000
Series 2014 Student Housing Refunding:						
Student Housing Senior Series 2014A	1.20	21,520,000	3.00% - 5.00%	2036	21,520,000	21,520,000
Student Housing Subordinate Series 2014B	1.20	9,220,000	3.00% - 5.00%	2036	9,220,000	9,220,000
Student Housing Junior Subordinate Series 2014	1.20	15,820,000	3.00% - 5.00%	2036	10,015,000	10,955,000
Series 2015 Student Housing:						
Student Housing Senior Series 2015A	1.20	24,465,000	2.00% - 5.00%	2038	20,510,000	21,235,000
Student Housing Subordinate Series 2015B	1.20	8,145,000	2.00% - 5.00%	2038	6,610,000	6,885,000
Student Housing Junior Subordinate Series 2015	1.20	27,180,000	2.00% - 5.00%	2038	24,730,000	25,180,000
Series 2015 Parking and University Facilities	1.00	37,285,000	3.00% - 5.00%	2030	14,750,000	16,870,000
Series 2017 Parking and Dining Hall Refunding Lea	1.00	46,085,000	2.00% - 5.00%	2039	40,360,000	41,815,000
Series 2017 Sports and Recreation Park Lease	1.00	42,580,000	3.25% - 5.00%	2040	41,110,000	42,580,000
Series 2020 Sports and Recreation Park Refunding and Howell Hall Renovation:						
Sports Park Recovery Zone Series 2020A	1.00	16,940,000	2.00% - 4.00%	2044	16,700,000	16,940,000
Sports Park Recovery Zone Taxable Series 202	1.00	2,335,000	2.00% - 4.00%	2044	2,335,000	2,335,000
Howell Hall Renovation Series 2020C	1.00	9,625,000	2.00% - 4.00%	2052	9,625,000	9,625,000
Series 2020 Student Housing	1.00	35,360,000	2.00% - 5.00%	2052	35,360,000	35,360,000
Series 2021 Student Housing Refunding	1.00	22,905,000	2.38% - 4.00%	2041	22,095,000	-
Series 2022 Student Recreation and Activities Cente	1.00	32,825,000	4.00% - 5.00%	2042	32,825,000	-
Unamortized original issue premium, net					15,695,248	13,127,129
Unamortized bond issue costs, net					(4,522,705)	(4,879,065)
					$ 353,722,543	$ 371,398,064

New revenue bonds

Series 2020 Sports and Recreation Park Refunding and Howell Hall Renovation Bonds Payable – During the year ended June 30, 2021, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2020 bonds were issued to finance the renovation of the 2020 Howell Hall project and to refund $17,520,000 of the 2010C Sports Park Series.

Series 2020 Student Housing Bonds Payable: During the year ended June 30, 2021, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the Kennesaw State University Foundation. The Series 2020 bonds were issued to finance the construction of the 2020 Housing project.

Defeasance and refunding of revenue bonds

Series 2010 Sports Stadium and Recreation Park Bonds Payable – During the year ended June 30, 2021, the Series 2010A bonds were refunded with the Series 2017 Sports and Recreation Park Lease Revenue Refunding Bonds, and the Series 2010C Recovery Zone bonds were refunded with the Series 2020 Sports and Recreation Park Refunding and Howell Hall Renovation Bonds. As a result, the previously issued bonds are deemed extinguished for accounting purposes resulting in a loss of $457,273 during fiscal year 2021. The Foundation entered into this advance refunding to take advantage of historically low long-term interest rates. The Series 2010B bonds matured during the year ended June 30, 2021.

Note 10—Bonds payable (continued)

Series 2015 Parking and University Facilities Revenue Bonds Payable – During the year ended June 30, 2021, the Foundation entered into an Escrow Deposit Agreement to pay and decrease the portion of the Series 2015 Bonds that refunded the 2006A Facilities Series. An irrevocable sum of $9,011,219 was deposited in an escrow fund to pay the bonds outstanding with a par amount of $7,985,000 which have a call date of July 15, 2025. As a result, the previously issued bonds are deemed extinguished for accounting purposes resulting in a loss of $163,218 during fiscal year 2021.

Series 2021 Student Housing Refunding Bonds Payable – During the year ended June 30, 2022, the Development Authority of Cobb County issued Student Housing Refunding Revenue bonds and loaned the proceeds to the KSU University II Real Estate Foundation, LLC. The Series 2021 bonds were issued to refund $24,885,000 of the Series 2011 Student Housing Bonds. An irrevocable sum of $25,198,948 was deposited in an escrow fund and used to pay all outstanding bond maturities as of October 21, 2021, including accrued interest through the call date of $313,948. As a result, a loss of $705,237 is recognized during fiscal year 2022.

Series 2022 Student Recreation and Activities Center Refunding Bonds Payable – During the year ended June 30, 2022, the Development Authority of Cobb County issued revenue bonds and loaned the proceeds to the KSU SRAC Real Estate Foundation, LLC. The Series 2022 bonds were issued to refund $37,000,000 of the Series 2013 Student Recreation and Activities Center Bonds. An irrevocable sum of $37,712,420 was deposited in an escrow fund to pay the bonds outstanding with a par amount of $32,825,000 which have a call date of July 15, 2022. As a result, the previously issued bonds are deemed extinguished for accounting purposes resulting in a gain of $365,653 during fiscal year 2022.

Bond interest expense incurred totaled $11,317,162 and $12,172,849 for the years ended June 30, 2022 and 2021, respectively.

The estimated aggregate maturities of long-term debt for each of the five years subsequent to June 30, 2022 are as follows:

Years Ending June 30,	
2023	$ 13,075,000
2024	14,675,000
2025	16,035,000
2026	16,775,000
2027	18,015,000
Thereafter	263,975,000
	$ 342,550,000

Management believes they are in compliance with all debt service coverage ratio requirements.

The fair value of the bonds at June 30, 2022 and 2021 was $348,187,242 and $391,991,411, respectively, and are classified as Level 1.

Note 11—Note payable

On April 21, 2020, the Foundation qualified for and received a loan pursuant to the Paycheck Protection Program ("PPP"), a program implemented by the U.S. Small Business Administration ("SBA") under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender for an aggregate principal amount of approximately $470,000. The Foundation applied for forgiveness with the SBA in which on May 14, 2021, the SBA had forgiven the PPP loan in full. As a result, the Foundation recognized $470,000 to other items on the consolidated statements of activities for the year ended June 30, 2021.

Note 12—Line of credit

During the year ended June 30, 2020, the Foundation entered into an unsecured line of credit agreement with a bank. Under the agreement, the Foundation could borrow up to $3,000,000. The line of credit agreement matures on August 14, 2021 with interest due monthly at the one month LIBOR plus 1.25% (1.35% as of June 30, 2021). The Foundation's outstanding line of credit balance was $-0- on June 30, 2021. The agreement expired during the year ended June 30, 2022 and was not renewed.

Note 13—Split-interest agreements

In 2017, the Foundation acquired a split-interest agreement as a result of the acquisition of The Polytechnic Foundation. The gifts received are included in investments at a fair value of $13,339 and $15,406 at June 30, 2022 and 2021, respectively. The annuity obligations are $1,165 and $1,715 at June 30, 2022 and 2021, respectively. The present value of the annuity liabilities were calculated using a 3.4% discount rate.

Note 14—Lease commitments

The Foundation entered into agreements with the Board of Regents for the purposes of erecting, renovating, operating, and maintaining student housing facilities and parking decks under the following terms:

Ground Lease	Initiation Year	Term	Annual Lease
Board of Regents			
Austin Residence Complex Phase I	2001	30 years	$ 1
East Parking Deck	2001	25 years	1
West Parking Deck	2001	25 years	1
North Deck	2001	25 years	197,600
University Village	2005	30 years	20,000
Village Suites	2007	30 years	10
Central Parking Deck	2007	30 years	10
Dining Hall	2008	30 years	10
Austin Residence Complex Phase II	2011	30 years	10
Student Recreation Activity Center	2013	30 years	10
Howell Hall	2020	30 years	10
2020 Student Housing	2020	30 years	10

The Foundation entered into a lease in November 2019 with Machinist Union: Local Lodge 709 – for the purpose of providing parking for the Marietta Campus. The primary term of the student housing facility ground lease was five years. In the agreement, the Foundation agreed to pay the lessor the sum of $54,000 per year plus 1.5% of the prior year's use fee annually, for each subsequent year the contract remains in effect.

Note 14—Lease commitments (continued)

The Foundation entered into a lease commencing in July 2020 with Cobb Galleria for the purpose of providing professional education classroom space. The term of the lease is two years. The Foundation agrees to pay $23,908 monthly rent for the first year of the lease followed by $24,625 in the second year. This lease expired on June 30, 2022 and was not renewed.

The Foundation entered into a lease with 1250 South Marietta Parkway commencing in March 2019 for the Greyhound property. In March 2020, the Foundation agreed to a four-year renewal through March 2024. The Foundation agrees to pay $42,000 annually in $3,500 monthly installments throughout the term of the lease. See Note 22 for activity that occurred subsequent to year end.

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.

The Foundation has an operating lease right of use asset of $5,884,502 and $6,589,311, respectively, and an operating lease liability recorded of $5,941,203 and $6,589,311, respectively on the consolidated statements of financial position at June 30, 2022 and 2021. The weighted average discount rate was 1.54% and 1.41%, respectively, on June 30, 2022 and 2021. The weighted average remaining lease term was 14.4 and 14.0 years, respectively, on June 30, 2022, and 2021. Operating lease expense included in management and general expenses were $798,009 and $742,617, respectively, as of the years ended June 30, 2022 and 2021. Cash paid for amounts included in measurement of lease liabilities were $734,356 and $742,617, respectively, for the years ended June 30, 2022 and 2021. Sublease income, included in leasing income, was $303,249 and $386,390 for the years ended June 30, 2022 and 2021, respectively.

The maturities of lease liabilities as of June 30 were as follows:

Years Ending June 30,	
2023	$ 531,852
2024	528,627
2025	504,630
2026	510,839
2027	511,720
Thereafter	4,104,718
	6,692,386
Less interest	(751,183)
	$ 5,941,203

Note 15—Management agreement

In November 2016, the Foundation entered into a management agreement with a third party to manage a hotel purchased by a wholly-owned subsidiary. The agreement provides for a monthly payment of 3.5% of the hotel's gross monthly revenues (with a minimum $3,500) plus $500 for monthly financial statement reporting. The Foundation terminated its management agreement and closed the hotel during the year ended June 30, 2021. See Note 19. Management fee expense related to these agreements amounted to $-0- and $10,500 for the years ended June 30, 2022 and 2021, respectively.

Note 16—Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purpose or periods as of June 30:

	2022	2021
Subject to expenditure for specified purpose:		
Academic and program support	$ 20,628,437	$ 20,662,369
Scholarships	6,783,944	13,511,939
Special events	2,219,059	2,801,181
Other University support	2,231,772	2,330,676
Promises to give, the proceeds from which have been restricted by donor for:		
Academic and program support	1,047,696	1,963,003
Scholarships and awards	5,817,203	6,630,606
Special events and programs	45,635	49,385
Other University support	408,120	237,642
	39,181,866	48,186,801
Subject to the passage of time:		
Assets held under split-interest agreements	10,126	9,576
Underwater endowments	(1,210,756)	-
Perpetual in nature:		
Subject to endowment spending policy and appropriation:		
Scholarships	55,045,874	51,544,052
Program support	21,396,405	20,638,720
Promises to give, the proceeds from which have been restricted by donor for:		
Scholarships	2,293,729	1,405,056
Program support	6,030,000	6,184,061
Total net assets with donor restrictions	$ 122,747,244	$ 127,968,266

Note 16—Net assets with donor restrictions (continued)

Net assets with donor restrictions consist of the following as of June 30:

	2022	2021
Subject to expenditure for specified purpose:		
Cash	$ 2,429,089	$ 18,438,500
Unconditional promises to give, net	7,318,655	8,880,636
Investments	31,597,424	23,305,948
Donated art	251,233	73,134
Accounts payable and accrued expenses	(3,615,165)	(2,501,840)
Total subject to expenditure for specified purpose	37,981,236	48,196,378
Perpetual in nature		
Cash	64,061	9,159,093
Unconditional promises to give, net	8,323,729	7,589,117
Investments	76,378,218	63,023,678
Total perpetual in nature	84,766,008	79,771,888
Total net assets with donor restrictions	$ 122,747,244	$ 127,968,266

Note 17—Net assets released from restrictions

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

Purpose restrictions accomplished:

	2022	2021
Scholarships and awards	$ 2,945,560	$ 2,533,251
Academic and program support	4,302,876	2,490,707
Special events and programs	354,337	126,261
Other University support	519,903	242,266
	$ 8,122,676	$ 5,392,485

Note 18—Endowment

The Foundation's endowment consists of approximately 420 individual funds established by donors to provide annual funding for a variety of purposes.

Interpretation of Relevant Law – The Board of Trustees of the Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act ("UPMIFA") of 2008 as requiring the assets of an endowment fund be donor restricted until allocated for spending, unless otherwise specifically stated in the gift instrument.

The Board believes this interpretation is consistent with the established board-approved investment and spending policy. In accordance with the investment policy and UPMIFA, all restricted endowment assets are invested in the endowment pool on a pooled basis until allocated for spending.

Note 18—Endowment (continued)

As a result of this interpretation, for accounting and financial statement purposes, the Foundation classifies 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 with the net assets with donor restrictions.

Funds with Deficiencies – From time to time, certain donor-restricted endowment funds may have fair values less than the amount the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. Underwater endowment funds consisted of the following at June 30, 2022 and 2021:

	2022	2021
Original gift value	$ 19,720,596	$ -
Fair value	18,509,840	-
Deficiencies	$ 1,210,756	$ -

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 the Foundation 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: 55.0% MSCI AC World Index Net; 13.0% Bloomberg Barclays US Aggregate Bond Index; 10.0% HFRI FOF Conservative Index; 7.0% ICS BofA Merrill Lynch (ML) Hi-Yld Master; 7% NCREIF ODCE (Lagged); 6.0% S&P Global LargeMidCap Commodities Index; 2.0% DJ Wilshire US Select Real Estate Index. The target rate of the return for the KSU Foundation is 6.75%. 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, 2022 and 2021, the target assets allocations were as follows:

	2022	2021
Large Cap Domestic Equity	43%	43%
Domestic Bonds	13%	13%
Real Estate	4%	4%
Private Capital	12%	12%
Private Natural Resources	4%	4%
Public Natural Resources	2%	2%
Private Real Estate	5%	5%
Diversifying Strategies	10%	10%
Credit	7%	7%
	100%	100%

Note 18—Endowment (continued)

The endowment net asset composition by type of fund as of June 30, 2022 and 2021 is as follows:

2022	Without Donor Restrictions	With Donor Restrictions	Total
Non-restricted endowment funds			
Board-designated honors programs matching fund	$ 331,231	$ -	$ 331,231
Quasi-endowment	68,605	-	68,605
Donor-restricted endowment fund			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	-	76,442,279	76,442,279
Accumulated investment gains	-	12,403,780	12,403,780
Total funds	$ 399,836	$ 88,846,059	$ 89,245,895

2021	Without Donor Restrictions	With Donor Restrictions	Total
Non-restricted endowment funds			
Board-designated honors programs matching fund	$ 458,145	$ -	$ 458,145
Donor-restricted endowment fund			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	-	72,182,773	72,182,773
Accumulated investment gains	-	23,855,007	23,855,007
Total funds	$ 458,145	$ 96,037,780	$ 96,495,925

Spending Policy and How the Investment Objectives Related to Spending Policy – In accordance with UPMIFA the Foundation considers the following factors in making a determination to appropriate and allocate assets for spending or accumulate assets of an endowment fund:

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

The Foundation had an endowment spending policy for the years ended June 30, 2022 and 2021 appropriating for distribution 0% to 4% calculated based on the average fair value balance of the last 12 and 8 rolling quarters, respectively, as of the calendar year-end of preceding fiscal year that was adjusted using a sliding scale based on its endowment fund's fair value as of the calendar year-end of preceding fiscal year in which the distribution is planned.

Note 18—Endowment (continued)

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

2022	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 458,145	$ 96,037,780	$ 96,495,925
Investment return, net	(8,345)	(10,033,696)	(10,042,041)
Contributions	-	3,030,938	3,030,938
Appropriation of endowment assets pursuant to spending-rate policy	-	(1,501,015)	(1,501,015)
Transfers to comply with donor intent	-	1,185,138	1,185,138
Quasi-endowment	76,950	-	76,950
Honors Program Matching Fund	(126,914)	126,914	-
Endowment net assets, end of year	$ 399,836	$ 88,846,059	$ 89,245,895

2021	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 5,000,000	$ 54,137,727	$ 59,137,727
Investment return, net	-	16,262,962	16,262,962
Contributions	-	15,764,439	15,764,439
Appropriation of endowment assets pursuant to spending-rate policy	-	(1,294,643)	(1,294,643)
Transfers to comply with donor intent	-	6,625,440	6,625,440
Honors Program Matching Fund	(4,541,855)	4,541,855	-
Endowment net assets, end of year	$ 458,145	$ 96,037,780	$ 96,495,925

The board-designated endowment for the KSU Journey Honors College Endowment Matching Fund consists of $5,000,000 that the Foundation was contractually obligated to set aside to fund-matching gifts. The board-designated endowments purpose is to match 50% of any endowed gift, or legally binding pledge of at least $50,000, to a named endowment fund for the exclusive support of the KSU Journey Honors College, up to a maximum of $5,000,000. During the years ended June 30, 2022 and 2021, $126,914 and $4,541,855, respectively, were transferred from board designated to with donor restrictions.

Note 19—Related party transactions

During the year ended June 30, 2019, the Foundation entered into a memorandum of understanding with the University to manage the Foundation’s housing properties. Total fees paid to the University under this agreement were $484,626 and $426,415 for the years ended June 30, 2022 and 2021, respectively.

The Foundation entered into an agreement with the University to manage certain Sports Park events. Total fees paid to the Foundation under this agreement was $227,969 and $203,929 for the years ended June 30, 2022 and 2021, respectively. The Foundation also has a sublease agreement with the University for its use of the Sports Park. Total fees paid to the University under this agreement were $227,969 and $203,929 for the years ended June 30, 2022 and 2021, respectively.

Note 19—Related party transactions (continued)

During the year ended June 30, 2020, the Foundation entered into an agreement with the University to sublease property at 1032 S. Marietta Parkway SE, Marietta, Georgia 30060, for the use of parking for the Marietta campus. Total fees paid to the Foundation under this agreement were $55,538 and $54,540 for the years ended June 30, 2022 and 2021, respectively.

During the year ended June 30, 2020, the Foundation entered into an agreement with the University to sublease property at 100 Galleria Parkway, Atlanta, Georgia 30339, for the use of additional classroom space, commencing on July 1, 2020. Total fees paid to the Foundation under this agreement were $211,391 and $286,890, respectively, for the years ended June 30, 2022 and 2021. This agreement was terminated during the fiscal year ended June 30, 2022.

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

	2022	2021
Operating accounts receivable	$ 511,536	$ 535,073

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

	2022	2021
Town Point R&R	$ 843,827	$ -
Resident housing fee payable	-	13,872
Operating accounts payable	1,700,483	479,198
Scholarships payable	357,470	259,836
	$ 2,901,780	$ 752,906

Note 20—Discontinued operations

In July 2020, the Foundation discontinued its hospitality operations. The Foundation accounts for the Hospitality business as a discontinued operation. The Foundation recorded an impairment loss of $2,624,437 for the year ended June 30, 2021, relative to the disposal of its Hospitality assets.

During the year ended June 30, 2021, the board made the decision to cease operations at the Kennesaw Inn and demolish the building. The Foundation's consolidated financial statements have been prepared with the assets, liabilities, results of activities, and cash flows for this entity displayed separately.

A summary of the results of operations of the discontinued hospitality business unit follows:

	2022	2021
Support and revenue	$ 144,536	$ -
Program expenses	312,733	464,756
Loss from discontinued operations	(168,197)	(464,756)
Loss on disposal of discontinued operations	-	(2,624,437)
Net loss from discontinued operations	$ (168,197)	$ (3,089,193)

Note 20—Discontinued operations (continued)

A summary of the results of operations of the discontinued hospitality business unit follows as of June 30:

	2022	2021
Discontinued assets:		
Cash	$ 157,813	$ -
Property and equipment, net	1,472,586	1,472,586
Total discontinued assets	1,630,399	1,472,586
Discontinued liabilities:		
Accounts payable	-	2,493
Total discontinued liabilities	-	2,493
Net assets of discontinued operations - without donor restrictions	$ 1,630,399	$ 1,470,093

Assets of the hospitality operations, consisting of land, has been recorded at its estimated net realizable values and are carried as an asset under the caption "Assets of discontinued operations" in the accompanying consolidated statements of financial position. Liabilities of the hospitality operations, consisting primarily of accounts payable carried as a liability under the caption "Liabilities of discontinued operations" in the accompanying consolidated statements of financial position.

Note 21—Reclassification

As a result of reviewing the Foundation's investments, it was discovered that cash and cash equivalents were understated and investments were overstated. There were no adjustments to net assets as a result of the error. The Foundation also reclassified gifts-in-kind related to the implementation of ASU 2020-07. The effect of the reclassifications on the June 30, 2021, statement of activities is as follows:

	As Previously Issued	As Restated	Change
Consolidated Statement of Financial Position:			
Cash and cash equivalents	$ 36,442,335	$ 43,247,167	$ 6,804,832
Investments	$ 100,352,445	$ 93,547,613	$ (6,804,832)
Consolidated Statement of Activities:			
Contributions and special events with donor restrictions	$ 32,928,160	$ 32,855,011	$ (73,149)
Donated services	$ 517,385	$ -	$ (517,385)
Contributed nonfinancial assets	$ -	$ 590,534	$ 590,534

Note 21—Reclassification (continued)

	As Previously Issued	As Restated	Change
Consolidated Statement of Cash Flows:			
Cash flows from investing activities			
Net purchase of investments	$ (9,837,189)	$ (3,032,357)	$ 6,804,832

Note 22—Subsequent events

The Foundation has evaluated subsequent events occurring through September 14, 2022, the date on which the consolidated financial statements were available to be issued.

On August 25, 2022, the Foundation closed on the purchase of 1250 South Marietta Parkway, a 0.9-acre parcel of land adjacent to the Marietta campus. In June 2022, the Foundation entered into a purchase option agreement with the Board of Regents to sell the property at an agreed upon price. As of the date of this report, the option has not been exercised.