ANNUAL FINANCIAL REPORT

Board of Regents of
the University System of Georgia

For the Year Ended
June 30, 2005

"Creating a More Educated Georgia"

Board of Regents of
The University System of Georgia
Annual Financial Report
June 30, 2005

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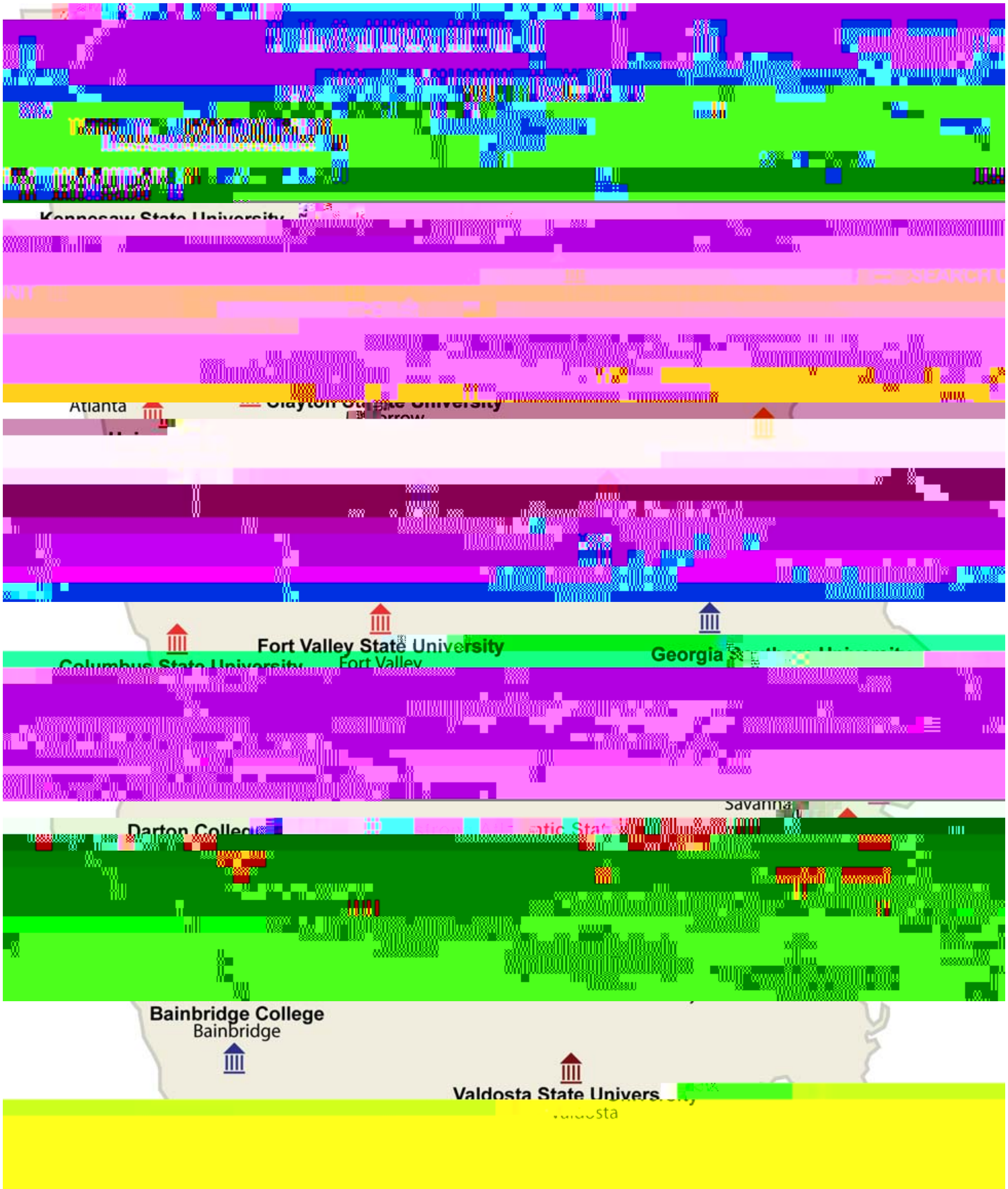
Atlanta
Fort Valley State University
Fort Valley
Bainbridge College
Bainbridge

Institutions of the University System of Georgia

RESEARCH UNIVERSITIES

Georgia Institute of Technology	Atlanta
Georgia State University	Atlanta
Medical College of Georgia	Augusta
University of Georgia	Athens

REGIONAL UNIVERSITIES

Georgia Southern University	Statesboro
Valdosta State University	Valdosta

STATE UNIVERSITIES

Albany State University	Albany
Armstrong Atlantic State University	Savannah
Augusta State University	Augusta
Clayton State University	Morrow
Columbus State University	Columbus
Fort Valley State University	Fort Valley
Georgia College & State University	Milledgeville
Georgia Southwestern State University	Americus
Kennesaw State University	Kennesaw
North Georgia College & State University	Dahlonega
Savannah State University	Savannah
Southern Polytechnic State University	Marietta
University of West Georgia	Carrollton

STATE COLLEGES

Dalton State College	Dalton
Macon State College	Macon

TWO-YEAR COLLEGES

Abraham Baldwin Agricultural College	Tifton
Atlanta Metropolitan College	Atlanta
Bainbridge College	Bainbridge
Coastal Georgia Community College	Brunswick
Darton College	Albany
East Georgia College	Swainsboro
Floyd College	Rome
Gainesville College	Gainesville
Georgia Perimeter College	Decatur
Gordon College	Barnesville
Middle Georgia College	Cochran
South Georgia College	Douglas
Waycross College	Waycross

INDEPENDENT RESEARCH UNIT

Skidaway Institute of Oceanography	Savannah

STATE RESOURCES

The General Appropriations Act of 2005, as amended, provided a total of $1,670,074,292 to the University System of Georgia. In addition, indirect funding from the Department of Administrative Services (DOAS) provided $3,583,000 and House Bill 1181 provided $6,243,177 from Tobacco funds. The amounts were as follows:

STATE APPROPRIATIONS AVAILABLE		
General Appropriations Act of 2005		
House Bill 1181		
General State Funds	$1,651,799,330	
Tobacco funds	6,243,177	
Indirect DOAS Funding - Communications	3,583,000	
House Bill 84		
General State Funds	18,274,962	
TOTAL STATE APPROPRIATIONS AVAILABLE		$1,679,900,469

ALLOCATIONS BY BOARD OF REGENTS		
Educational and General		
Teaching		$1,401,477,363
Non-Teaching		128,514,165
Tobacco funds		6,243,177
Other Activities		
Regents Central Office	$10,021,056	
Information Technology	[illegible] A(1)61(61)]TJ71, A(1)]TJ01610.0036 Tc 0.0363 Tw -30.9653.57d3 Td[(T)-27(e)-49	

UNIVERSITY SYSTEM OF GEORGIA
Management's Discussion and Analysis

Introduction

The mission of the University System of Georgia is to contribute to the educational, cultural, economic, and social advancement of Georgia by providing excellent undergraduate general education and first-rate programs leading to associate, baccalaureate, masters, professional, and doctorate degrees; by pursuing leading-edge basic and applied research, scholarly inquiry, and creative endeavors; and by bringing these intellectual resources, and those of the public libraries, to bear on the economic development of the State and the continuing education of its citizens.

The 34 institutions in the University System were led by Chancellor Thomas C. Meredith and the Board of Regents at June 30, 2005. The University System continues to thrive as shown by the following statistics:

	Faculty	Students
FY2005	11,531	262,149
FY2004	11,274	257,715
FY2003	10,626	241,878

Overview of the Financial Statements and Financial Analysis

The University System of Georgia is proud to present its consolidated financial statements for fiscal year 2005. These consolidated statements contain information from the 34 institutions of the University System of Georgia, the Skidaway Institute of Oceanography and the University System Office. Each institution has prepared a separate financial statement that is available on CD. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. This discussion and analysis of the University System's financial statements provides an overview of its financial activities for the year. Comparative data is provided for FY 2004 and FY2005.

From the data presented, readers of the Statement of Net Assets are able to determine the assets available to continue the operations of the institution. They are also able to determine how much the institution owes vendors.

Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution. Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant and equipment owned by the institution. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.

Statement of Net Assets, Condensed

	June 30, 2005	June 30, 2004
Assets:		
Current Assets	$947,979,849.96	$967,965,917.14
Capital Assets, net	4,296,787,691.41	3,820,578,831.89
Other Assets	186,302,259.14	265,591,459.96
Total Assets	5,431,069,800.51	5,054,136,208.99
Liabilities:		
Current Liabilities	509,673,815.40	599,470,011.14
Noncurrent Liabilities	722,090,349.96	519,089,808.10
Total Liabilities	1,231,764,165.36	1,118,559,819.24
Net Assets:		
Invested in h/MC /9s ti08.99c 1 Tf08.s, neti of d8.	3,617,349,272.10	3,344,344,298.42
Resf56(r)-22(i)68(c)-56(t)-8(e)-49(d -)-22( )7(no)7(ne)-56(x)7(pe)-4(n)d27(/9)56(b)7(l)-14(e)]TJ 0 Td[(1)7(18)7(,)33(1)7(33)7(,)33(1)7(73)7(.)-36(33		
Cap t/9.Projects	21,226,392.45	48,794,309.89
Unrestir ed	243,786,360.02	216,938,336.25
Tot/929(l)14(N)-32(e)-103(t A)-32(s)-89(s)-82(e)-103(ts)]TJ/TT0 1 Tf-0.0029 Tc 0 Tw 22.853 -0.043 Td[($)7(4,)33(1)7(99)7(,)33(3)7(05)7(,)33(		

n total assets of$376,933,591.52 and the increase in total liabilities of $113,204,346.12 yields an increase in total net assets of $263,729,245.40. The increase in total net assets is primarily in the category of invested incapital assets, net of debt in the amount of $273,004,973.68.

Revenue by Source
For the Years Ended June 30, 2005 and June 30, 2004

Statement of Cash Flows

The final statement presented by the University System of Georgia is the Statement of Cash

At Augusta State University: Classroom Replacement ($18.9M)

At Clayton State University: University Learning Center ($22.3M)

At Fort Valley State University: Health and PE Building ($16.3M)

At Georgia College and State University: Russell Library & Information Technology Center ($16.6M)

At Georgia College and State University: Central Chiller ($3.9M)

At Kennesaw State University: Classroom and Convocation Center ($13.9M)

At Macon State College: Nursing, Health Science and Outreach Complex ($16.3M)

At Darton College: Physical Education Building ($12.4M)

For additional information concerning Capital Assets, see Notes 1, 6, 8, and 10 in the notes to the financial statements.

Long-Term Debt and Liabilities

The University System of Georgia had Long-Term Debts and Liabilities of $823,192,449.71 of which $101,102,099.75 was reflected as current liability at June 30, 2005.

For additional information concerning Long-Term Debt, see notes 1 and 8 in the Notes to the Financial Statements.

Component Units

In compliance with GASB Statement No. 39, the University System of Georgia has included the financial statements and notes for all required component units for FY2005. System-wide, there

Economic Outlook

After three years of budget cuts through fiscal year 2005, the University System of Georgia financial picture appears to be improving significantly. FY 2006 state appropriations for current University System of Georgia operations, including institutions and other organized activities, were $1.8 billion, an increase of 8.5%, or $140.7 million, over fiscal year 2005 appropriations.

Statement of Net Assets, Continued

	Georgia Tech Athletic Association	Georgia Tech Foundation	Georgia Tech Research Foundation
ASSETS			
Current Assets			
Cash and Cash Equivalents	$7,335,336.00	$3,125,000.00	$35,665,205.00
Short-term Investments		4,800,000.00	1,387,956.00
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other	1,241,436.00		29,210,625.00
Leases Receivable			
Pledges Receivable	3,719,002.00	5,941,918.33	
Contributions Receivable			
Due from Component Units	27,000.00	6,539.00	
Due From Primary Government			
Inventories (note 4)			
Prepaid Items	388,032.00		17,310.00
Notes and Mortgages Receivable		728,000.00	
Other Assets	510,579.00	6,263,233.19	
Total Current Assets	13,221,385.00	20,864,690.52	66,281,096.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units	61,369,437.00		
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)		1,003,837,000.00	
Notes Receivable, net		1,284,000.00	
Leases Receivable		175,409,227.81	
Receivables Other			
Contributions Receivable			
Pledges Receivable	7,775,926.00	5,182,081.67	
Capital Assets, net (note 6)	105,438,994.00	42,842,000.00	2,428,892.00
Other Assets	2,872,088.00	21,540,000.00	31,409,896.00
Total Noncurrent Assets	177,456,445.00	1,250,094,309.48	33,838,788.00
TOTAL ASSETS			

Statement of Net Assets, Continued

	Georgia Advanced Technology Ventures	Georgia Tech Alumni Association	Georgia Tech Facilities, Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$1,583,777.00	$1,837.00	$63,000.00
Short-term Investments			
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other	1,513,345.00	1,178,991.00	9,201,000.00
Leases Receivable			
Pledges Receivable			
Contributions Receivable			
Due from Component Units			10,302,000.00
Due From Primary Government			
Inventories (note 4)		11,406.00	
Prepaid Items		3,539.00	
Notes and Mortgages Receivable			
Other Assets			
Total Current Assets	3,097,122.00	1,195,773.00	19,566,000.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)		578,346.00	208,717,000.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable			
Capital Assets, net (note 6)	76,585,105.00	484,954.00	13,240,000.00
Other Assets			4,243,000.00
Total Noncurrent Assets	76,585,105.00	1,063,300.00	226,200,000.00
TOTAL ASSETS	79,682,227.00	2,259,073.00	245,766,000.00
LIABILITIES			
Current Liabilities			
Accounts Payable	849,726.00	336,742.00	11,017,000.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue (note 7)		500,000.00	
Other Liabilities	1,500,000.00	300,000.00	
Deposits Held for Other Organizations			
Due to Component Units		33,539.00	
Due to Primary Government	75,632.00	174,885.00	
Capital Lear	300,595.06900.00032 Tc 0.0278 Et L456(nt)-ig rCaeeig r-i30(i)66(t)-1i6(nt)-y 59(ue)6(t)-109(t)(ab -39.6e6(a)-2 Td6(nt)- P)-88(a)-5		

Statement of Net Assets, Continued

	Georgia State University Research Foundation	Georgia State University Foundation	Medical College of Georgia Health, Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$5,875,296.00	$18,472,377.00	$78,276,837.00
Short-term Investments			8,184,573.00
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance	1,624,787.00		
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other	4,909,291.00	1,178,958.00	137,059,859.58
Leases Receivable			
Pledges Receivable		2,561,476.00	
Contributions Receivable			
Due from Component Units			
Due From Primary Government	69,503.00		201,173.42
Inventories (note 4)			5,753,058.00
Prepaid Items	4,648,137.00	111,389.00	
Notes and Mortgages Receivable			
Other Assets			831,804.00
Total Current Assets	17,127,014.00	22,324,200.00	230,307,305.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments	5,305,184.00		
Investments (including real estate)		86,166,685.00	15,013,190.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable		7,235,119.00	
Capital Assets, net (note 6)	3,731,752.00	62,380,196.00	60,267,711.00
Other Assets		5,085,454.00	
Total Noncurrent Assets	9,036,936.00	160,867,454.00	75,280,901.00
TOTAL ASSETS	26,163,950.00	183,191,654.00	305,588,206.00
LIABILITIES			
Current Liabilities			
Accounts Payable	6,510.00	1,766,747.00	11,781,557.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue (note 7)	4,648,137.00		219,612.00
Other Liabilities	161,897.00	10,383,469.00	0.00
Deposits Held for Other Organizations			
Due to Component Units			
Due to Primary Government	6,001,560.00	629,034.00	10,067,509.00
Capital Lease (current portion)			
Current Portion of Long-term Debt		651,277.00	1,098,111.00
Estimated Third-Party Payor Settlements			10,369,000.00
Compensated Absences (current portion)			8,892,686.00
US DOE Settlement (current portion)			
Notes and Loans Payable (current portion)			40,189,161.00
Total Current Liabilities	10,818,104.00	13,430,527.00	82,617,636.00
Noncurrent Liabilities (note 8)			
Due to Component Units			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)		10,408,676.00	2,636,435.00
Deferred Revenue (noncurrent) & Other Noncurrent Liab.			
Compensated Absences (noncurrent)			
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities		33,439,966.00	8,826,000.00
US DOE Settlement (noncurrent)			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	0.00	43,848,642.00	11,462,435.00
TOTAL LIABILITIES	10,818,104.00	57,279,169.00	94,080,071.00
NET ASSETS			

Statement of Net Assets, Continued

	Medical College of Georgia Foundation, Inc.	Medical College of Georgia Dental Foundation	Medical College of Georgia Research Institute
ASSETS			
Current Assets			
Cash and Cash Equivalents	$16,078,399.00	$524,636.81	$4,611,024.00
Short-term Investments	337,212.00	3,423,390.02	

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Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

	Component Units		
	Medical College of Georgia PPG Foundation	**University of Georgia Research Foundation**	**University of Georgia Athletic Association**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$21,757,598.00	$3,388,932.00	$42,713,096.00
Short-term Investments	25,344,147.00		2,273,308.00
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other	28,957.00	24,326,885.00	2,498,531.00
Leases Receivable			
Pledges Receivable			
Contributions Receivable			
Due from Component Units			
Due From Primary Government	851.00	473,569.00	
Inventories (note 4)			
Prepaid Items			219,554.00
Notes and Mortgages Receivable			
Other Assets	180,803.00	14,326,065.00	
Total Current Assets	47,312,356.00	42,515,451.00	47,704,489.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government		7,687,500.00	
Short-Term Investments			
Investments (including real estate)	16,423,575.00	33,557,355.00	
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable			
Capital Assets, net (note 6)	24,759,477.00	607,158.00	157,256,707.00
Other Assets	2,386,565.00	497,425.00	1,542,895.00
Total Noncurrent Assets	43,569,617.00	42,349,438.00	158,799,602.00
TOTAL ASSETS	90,881,973.00	84,864,889.00	206,504,091.00
LIABILITIES			
Current Liabilities			
Accounts Payable	1,569,463.00	7,142,806.00	1,966,099.96
Salaries Payable			1,041,140.00
Benefits Payable			1,282,736.00
Contracts Payable			1,814,023.00
Deposits	745,493.00	14,326,065.00	
Deferred Revenue (note 7)		3,780,816.00	18,236,663.00
Other Liabilities			
Deposits Held for Other Organizations			
Due to Component Units			
Due to Primary Government	2,936,485.00	22,211,510.00	1,568,211.04
Capital Lease (current portion)			
Current Portion of Long-term Debt			2,029,126.00
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			238,707.00
US DOE Settlement (current portion)			
Notes and Loans Payable (current portion)			
Total Current Liabilities	5,251,441.00	47,461,197.00	28,176,706.00
Noncurrent Liabilities (note 8)			
Due to Component Units			
Due to Primary Government			2,650,527.00
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent) & Other Noncurrent Liab.		11,657,546.00	
Compensated Absences (noncurrent)	471,830.00		1,542,895.00
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities			69,682,274.00
US DOE Settlement (noncurrent)			
Notes and Loans Payable (noncurrent)	33,368,784.00		
Total Noncurrent Liabilities	33,840,614.00	11,657,546.00	73,875,696.00
TOTAL LIABILITIES	39,092,055.00	59,118,743.00	102,052,402.00
NET ASSETS			
Invested in Capital Assets, net of related debt	5,094,483.00	607,158.00	82,599,225.00
Restricted for			
Nonexpendable			
Expendable			2,295,518.00
Capital Projects			
Unrestricted	46,695,435.00	25,138,988.00	19,556,946.00
TOTAL NET ASSETS	$51,789,918.00	$25,746,146.00	$104,451,689.00

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

	Component Units		
	GSU - Southern Boosters, Inc.	GSU Research & Service Foundation	Valdosta State University Foundation
ASSETS			
Current Assets			
Cash and Cash Equivalents	$501,791.00	$698,405.00	$1,984,637.00
Short-term Investments			
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other	2,337.00	1,588,551.00	
Leases Receivable			
Pledges Receivable	388,585.00		50,000.00
Contributions Receivable			
Due from Component Units			
Due From Primary Government			
Inventories (note 4)			
Prepaid Items			
Notes and Mortgages Receivable			320,669.00
Other Assets		235,103.00	1,311,385.00
Total Current Assets	892,713.00	2,522,059.00	3,666,691.00
Noncurrent Assets			
Noncurrent Cash	553,828.00		
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)	6,155.00		36,431,071.00
Notes Receivable, net	579,000.00		
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	548,843.00		184,749.00
Capital Assets, net (note 6)	417,620.00		23,464,194.00
Other Assets			
Total Noncurrent Assets	2,105,446.00	0.00	60,080,014.00
TOTAL ASSETS	2,998,159.00	2,522,059.00	63,746,705.00
LIABILITIES			
Current Liabilities			
Accounts Payable	77,313.00	20,000.00	3,819,481.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue (note 7)	54,588.00	400,870.00	
Other Liabilities			
Deposits Held for Other Organizations		1,823,841.00	
Due to Component Units			
Due to Primary Government			99,603.00
Capital Lease (current portion)			
Current Portion of Long-term Debt	19,947.00		940,278.00
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
US DOE Settlement (current portion)			
Notes and Loans Payable (current portion)			
Total Current Liabilities	151,848.00	2,244,711.00	4,859,362.00
Noncurrent Liabilities (note 8)			
Due to Component Units			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent) & Other Noncurrent Liab.			
Compensated Absences (noncurrent)			
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities	230,606.00		38,226,153.00
US DOE Settlement (noncurrent)			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	230,606.00	0.00	38,226,153.00
TOTAL LIABILITIES	382,454.00	2,244,711.00	43,085,515.00
NET ASSETS			
Invested in Capital Assets, net of related debt	417,620.00		
Restricted for			
Nonexpendable			15,136,733.00
Expendable	1,194,789.00		1,902,680.00
Capital Projects	643,305.00		
Unrestricted	359,991.00	277,348.00	3,621,777.00
TOTAL NET ASSETS	$2,615,705.00	$277,348.00	$20,661,190.00

Statement of Net Assets, Continued

	Albany State University Foundation	Armstrong Atlantic State Univ. Foundation	ASSU Educational Properties Foundation, Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$909,856.00	$577,092.00	$523,116.00
Short-term Investments			1,974,449.00
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other			
Leases Receivable			49,157.00
Pledges Receivable		58,094.00	
Contributions Receivable			
Due from Component Units			
Due From Primary Government			
Inventories (note 4)			
Prepaid Items			
Notes and Mortgages Receivable			
Other Assets			
Total Current Assets	909,856.00	635,186.00	2,546,722.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)	2,556,935.00	4,314,908.00	
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable		58,480.00	
Capital Assets, net (note 6)	7,745,073.00		27,163,425.00
Other Assets			
Total Noncurrent Assets	10,302,008.00	4,373,388.00	27,163,425.00
TOTAL ASSETS	11,211,864.00	5,008,574.00	29,710,147.00
LIABILITIES			
Current Liabilities			
Accounts Payable	292,528.00		354,856.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			99,307.00
Deferred Revenue (note 7)			
Other Liabilities			
Deposits Held for Other Organizations			
Due to Component Units			
Due to Primary Government			
Capital Lease (current portion)			
Current Portion of Long-term Debt	80,565.00		450,000.00
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
US DOE Settlement (current portion)			
Notes and Loans Payable (current portion)			12,532,388.00

Total CurD 532,eln(12)8(,)SCJ-0.005888e.535(a)-56(nd L)-34(oahur)-22(21.63 t4-59(t)-68(a)-115(l)8( )-81(159(t)-6s)-33(ti574.)-37(00)-451D()-97(u3(ti574t)-94 -1.26 T-56(pi637

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Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

	Component Units		
	Augusta State University Foundation	**Augusta State University Athletic Foundation**	**Clayton State University Foundation**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$16,401,839.00	$290,130.00	$658,594.00
Short-term Investments			154,898.00
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other	48,131.00	6,488.00	
Leases Receivable			
Pledges Receivable	250,563.00		1,097,461.00
Contributions Receivable			
Due from Component Units			
Due From Primary Government			
Inventories (note 4)		2,847.00	
Prepaid Items		5,599.00	1,942.00
Notes and Mortgages Receivable	35,500.00		
Other Assets	852,409.00		10,025.00
Total Current Assets	17,588,442.00	305,064.00	1,922,920.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)	12,838,311.00		1,922,355.00
Notes Receivable, net	1,509,195.00		
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	684,167.00		
Capital Assets, net (note 6)	15,706,558.00	2,080,565.00	
Other Assets			
Total Noncurrent Assets	30,738,231.00	2,080,565.00	1,922,355.00
TOTAL ASSETS	48,326,673.00	2,385,629.00	3,845,275.00
LIABILITIES			
Current Liabilities			
Accounts Payable	222,169.10	174,030.00	22,131.00
Salaries Payable		4,724.00	
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue (note 7)	1,155.00	16,142.00	
Other Liabilities			
Deposits Held for Other Organizations			
Due to Component Units			
Due to Primary Government	1,450.90		
Capital Lease (current portion)			
Current Portion of Long-term Debt	35,500.00	13,450.00	
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
US DOE Settlement (current portion)			
Notes and Loans Payable (current portion)			
Total Current Liabilities	260,275.00	208,346.00	22,131.00
Noncurrent Liabilities (note 8)			
Due to Component Units			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent) & Other Noncurrent Liab.			
Compensated Absences (noncurrent)			
Deposits			
Liabilities under Split Interest Agreements			
Other Long-Term Liabilities	32,361,713.00	1,558,658.00	
US DOE Settlement (noncurrent)			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	32,361,713.00	1,558,658.00	0.00
TOTAL LIABILITIES	32,621,988.00	1,767,004.00	22,131.00
NET ASSETS			
Invested in Capital Assets, net of related debt	268,804.00	508,457.00	
Restricted for			
Nonexpendable	11,376,055.00		1,355,533.00
Expendable	1,265,443.00		2,384,896.00
Capital Projects			
Unrestricted	2,794,383.00	110,168.00	82,715.00
TOTAL NET ASSETS	$15,704,685.00	$618,625.00	$3,823,144.00

Statement of Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF NET ASSETS
June 30, 2005

	Component Units		
	Clayton State University Walter & Emilie Spivey Found.	**Columbus State University Foundation**	**Columbus State University Alumni Association**
ASSETS			
Current Assets			
Cash and Cash Equivalents	$738,392.00	$6,239,308.00	$166,302.00
Short-term Investments			7,703.00
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other		13,329.00	2.00
Leases Receivable			
Pledges Receivable		8,532,917.00	2,978.00
Contributions Receivable			
Due from Component Units			
Due From Primary Government		129,569.00	43,204.00
Inventories (note 4)			
Prepaid Items			
Notes and Mortgages Receivable	29,114.00		
Other Assets		174,695.00	150.00
Total Current Assets	767,506.00	15,089,818.00	220,339.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)	7,166,989.00	23,287,295.00	39,990.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable		20,256,348.00	
Capital Assets, net (note 6)	13,847.00		4,464.00
Other Assets			
Total Noncurrent Assets	7,180,836.00	43,543,643.00	44,454.00
TOTAL ASSETS	7,948,342.00	58,633,461.00	264,793.00
LIABILITIES			
Current Liabilities			
Accounts Payable	307,636.00	61,602.00	6,625.00
Salaries Payable			
Benefits Payable			
Contracts Payable			
Deposits			
Deferred Revenue (note 7)		25,282.00	4,940.00
Other Liabilities			
Deposits Held for Other Organizations			
Due to Component Units			
Due to Primary Government			
Capital Lease (current portion)			
Current Portion of Long-term Debt			
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
US DOE Settlement (current portion)			
Notes and Loans Payable (current portion)			
Total Current Liabilities	307,636.00	86,884.00	11,565.00
Noncurrent Liabilities (note 8)			
Due to Component Units			
Due to Primary Government			
Lease Purchase Obligations (noncurrent)			
Deferred Revenue (noncurrent) & Other Noncurrent Liab.			
Compensated Absences (noncurrent)			
Deposits			
Liabilities under Split Interest Agreements		1,158,922.00	
Other Long-Term Liabilities			
US DOE Settlement (noncurrent)			
Notes and Loans Payable (noncurrent)			
Total Noncurrent Liabilities	0.00	1,158,922.00	0.00
TOTAL LIABILITIES	307,636.00	1,245,806.00	11,565.00
NET ASSETS			
Invested in Capital Assets, net of related debt	13,847.00		4,464.00
Restricted for			
Nonexpendable		12,454,351.00	76,874.00
Expendable		16,516,169.00	97,520.00
Capital Projects		27,775,744.00	
Unrestricted	7,626,859.00	641,391.00	74,370.00
TOTAL NET ASSETS	$7,640,706.00	$57,387,655.00	$253,228.00

Statement of Net Assets, Continued

	Foundation Properties, Inc.	Columbus State University Athletic Fund, Inc.	Georgia College & State University Foundation, Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$9,244,488.00	$142,787.00	$684,216.00
Short-term Investments			8,745,856.00
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other	127,356.00	44,908.00	
Leases Receivable			
Pledges Receivable		1,200.00	48,582.00
Contributions Receivable			
Due from Component Units			

Statement of Net Assets, Continued

	Georgia College & State University Alumni Association., Inc.	Georgia Southwestern State University Foundation, Inc.	GSSU Research and Development Corp., Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$205,763.00	$1,545,251.00	$18,154.00
Short-term Investments			
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other		94,662.00	
Leases Receivable			
Pledges Receivable	2,500.00	386,508.00	
Contributions Receivable			
Due from Component Units			
Due From Primary Government			
Inventories (note 4)	8,111.00	17,849.00	
Prepaid Items	1,748.00		
Notes and Mortgages Receivable			
Other Assets	16,687.00	96,270.00	
Total Current Assets	234,809.00	2,140,540.00	18,154.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)	5,055,352.00	22,064,943.00	
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable			
Capital Assets, net (note 6)	98,867.00	957,038.00	541,620.00
Other Assets			
Total Noncurrent Assets	5,154,219.00	23,021,981.00	541,620.00
TOTAL ASSETS	5,389,028.00	25,162,521.00	559,774.00

LIABILITIES

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Statement of Net Assets, Continued

	Kennesaw State University Foundation	North Georgia College & State University Foundation	Southern Polytechnic State University Foundation, Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$3,655,013.00	$2,095,882.00	$817,665.02
Short-term Investments			
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other	922,530.00		428,333.53
Leases Receivable	3,496,981.00		
Pledges Receivable	1,899,351.00	76,853.00	38,014.06
Contributions Receivable			
Due from Component Units			
Due From Primary Government	177,274.00		
Inventories (note 4)			
Prepaid Items	212,842.00	43,718.00	96,306.83
Notes and Mortgages Receivable	450,778.00		
Other Assets	17,859,483.00	55,063.00	
Total Current Assets	28,674,252.00	2,271,516.00	1,380,319.44
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)	15,295,143.00	15,953,141.00	6,418,988.16
Notes Receivable, net	757,397.00		
Leases Receivable	73,509,538.00		
Receivables Other			
Contributions Receivable			
Pledges Receivable	403,133.00	135,525.00	
Capital Assets, net (note 6)	98,352,514.00	8,810,632.00	29,472,197.33
Other Assets	13,178,112.00		
Total Noncurrent Assets	201,495,837.00	24,899,298.00	35,891,185.49
TOTAL ASSETS	230,170,089.00	27,170,814.00	37,271,504.93
LIABILITIES			
Current Liabilities			
Accounts Payable	5,554,749.39	1,774,697.00	630,277.50
Salaries Payable			
Benefits Payable			
Contracts Payable	3,038,633.00		
Deposits			31,667.41

Statement of Net Assets, Continued

	University of West Georgia Foundation	University of West Georgia Real Estate Foundation	Dalton State College Foundation
ASSETS			
Current Assets			
Cash and Cash Equivalents	$1,879,912.00	$26,312,614.00	$1,669,138.00
Short-term Investments	18,684,928.00		
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other		299,277.00	
Leases Receivable			
Pledges Receivable	586,806.00		161,488.00
Contributions Receivable			
Due from Component Units			
Due From Primary Government	2,144.00	86,739.00	
Inventories (note 4)			
Prepaid Items		51,132.00	
Notes and Mortgages Receivable	68,586.00		
Other Assets	27,582.00	814,761.00	
Total Current Assets	21,249,958.00	27,564,523.00	1,830,626.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)	12,664,768.00		8,939,673.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	83,000.00		363,016.00
Capital Assets, net (note 6)	20,159,050.00	5,660,911.00	
Other Assets			
Total Noncurrent Assets	32,906,818.00	5,660,911.00	9,302,689.00
TOTAL ASSETS	54,156,776.00	33,225,434.00	11,133,315.00
LIABILITIES			
Current Liabilities			
Accounts Payable		1,494,777.00	90,652.00
Salaries Payable			
Benefits Payable			
Contracts Payable		353,277.00	
Deposits			
Deferred Revenue (note 7)			
Other Liabilities		1,021,022.00	
Deposits Held for Other Organizations			
Due to Component Units			
Due to Primary Government			
Capital Lease (current portion)			
Current Portion of Long-term Debt	1,191,032.00	7,476.00	
Estimated Third-Party Payor Settlements			
Compensated Absences (current portion)			
US DOE Settlement (current portion)			
Notes and Loans Payable (current portion)			
Total Curya. Cutabilities			

Statement of Net Assets, Continued

	Coastal Georgia Community College Foundation	Darton College Foundation	East Georgia College Foundation, Inc.
ASSETS			
Current Assets			
Cash and Cash Equivalents	$250,150.00	$1,081,271.00	$90,431.00
Short-term Investments	4,235,272.00		
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other			1,650.00
Leases Receivable			
Pledges Receivable	739,741.00	56,000.00	17,094.00
Contributions Receivable			
Due from Component Units			
Due From Primary Government			
Inventories (note 4)			
Prepaid Items			8,413.00
Notes and Mortgages Receivable			3,978.00
Other Assets			106,340.00
Total Current Assets	5,225,163.00	1,137,271.00	227,906.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)	1,530,410.00	828,523.00	654,182.00
Notes Receivable, net			
Leases Receivable			
Receivables Other			
Contributions Receivable			
Pledges Receivable	28,022.00		
Capital Assets, net (note 6(t)-18(s)]T7risD			

Statement of Net Assets, Continued

	Floyd College Foundation	Gainesville College Foundation	Gordon College Foundation
ASSETS			
Current Assets			
Cash and Cash Equivalents	$253,971.00	($388,652.00)	$180,865.00
Short-term Investments	580,875.00		1,617,197.00
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance			
Receivables - State General Appropriations Allotment			
Margin Allocation Funds			
Receivables - Other			
Leases Receivable			
Pledges Receivable		352,727.00	
Contributions Receivable			
Due from Component Units			
Due From Primary Government			
Inventories (note 4)			
Prepaid Items			
Notes and Mortgages Receivable			
Other Assets		491,873.00	12,787,815.00
Total Current Assets	834,846.00	455,948.00	14,585,877.00
Noncurrent Assets			
Noncurrent Cash			
Due from Component Units			
Due From Primary Government			
Short-Term Investments			
Investments (including real estate)		8,402,110.00	3,597,579.00
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Statement of Revenues, Expenses and Changes in Net Assets

	University System of Georgia (Primary Government)
REVENUES	
Operating Revenues	
Student Tuition and Fees (net of allowance for doubtful accounts)	$876,227,371.24
Less: Scholarship Allowances	180,563,190.93
Gifts and Contributions	
Endowment Income (per spending plan)	
Federal Appropriations	11,537,500.71
Grants and Contracts	
Federal	707,312,536.69
State	216,155,635.75
Other	298,131,282.60
Sales and Services	105,786,007.00
Rents and Royalties	2,874,211.24
Auxiliary Enterprises	
Residence Halls	120,019,949.03
Bookstore	71,578,267.00
Food Services	76,815,871.50
Parking/Transportation	36,954,323.70
Health Services	30,527,982.11
Intercollegiate Athletics	40,758,879.05
Other Organizations	14,806,163.58
Clinical and Patient Fees	
Net Patient Service Revenue	
Realized/Unrealized Gains (Losses)	
Interest and Dividend Income	
Other Operating Revenues	396,233,863.56
Total Operating Revenues	2,825,156,653.83
EXPENSES	
Operating Expenses	
Salaries:	
Faculty	855,522,585.15
Staff	1,285,026,047.03
Benefits	650,266,880.10
Other Personal Services	3,228,395.84
Travel	42,814,924.95
Scholarships and Fellowships	161,843,155.64
Utilities	142,211,175.64
Supplies and Other Services	1,302,428,315.90
Depreciation	220,432,014.16
Other Operating Expense	
Payments to Other Component Units	
Payments to or on behalf of College/University	

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	Georgia Tech Athletic Association	Georgia Tech Foundation	Georgia Tech Research Foundation
Operating Revenues			
Student Tuition and Fees (net of allowance for doubt	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions		32,612,406.77	
Endowment Income (per spending plan)		34,569,665.86	
Federal Appropriations			
Grants and Contracts			
Federal			263,242,490.00
State			12,999,629.00
Other			48,748,609.00
Sales and Services	18,440,665.00		
Rents and Royalties		15,472,000.00	
Auxiliary Enterprises			
Residence Halls			
Bookstore			
Food Services			
Parking/Transportation			
Health Services			
Intercollegiate Athletics			
Other Organizations			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	2,970,825.00	1,264,000.00	6,639,834.00
Total Operating Revenues	21,411,490.00	83,918,072.63	331,630,562.00
EXPENSES			
Operating Expenses			
Salaries:			
Faculty			
Staff ,	11,300,620.00	1,551,000.002	

Statement of Revenues, Expenses and Changes in Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005

	Component Units		
	Georgia State University Research Foundation	**Georgia State University Foundation**	**Medical College of Georgia Health, Inc.**
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions		849,532.00	
Endowment Income (per spending plan)		4,307,441.00	
Federal Appropriations			
Grants and Contracts			
Federal	37,074,566.00		
State	4,547,596.00		
Other	8,508,265.00		
Sales and Services			
Rents and Royalties		10,247,054.00	
Auxiliary Enterprises			
Residence Halls			
Bookstore			
Food Services			
Parking/Transportation			
Health Services			
Intercollegiate Athletics			
Other Organizations			
Clinical and Patient Fees			
Net Patient Service Revenue			310,336,817.00
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			7,213,266.00
Total Operating Revenues	50,130,427.00	15,404,027.00	317,550,083.00
EXPENSES			
Operating Expenses			
Salaries:			
Faculty			133,959,407.00
Staff		641,470.00	
Benefits		162,752.00	36,927,136.00
Other Personal Services			38,647,963.00
Travel		192,179.00	398,315.00
Scholarships and Fellowships			
Utilities			3,246,541.00
Supplies and Other Services	602,104.00	4,667,838.00	109,139,056.00
Depreciation	144,239.00	2,224,553.00	16,323,600.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	49,057,069.00	6,686,723.00	
Total Operating Expenses	49,803,412.00	14,575,515.00	338,642,018.00
Operating Income (loss)	327,015.00	828,512.00	(21,091,935.00)
NONOPERATING REVENUES (EXPENSES)			
State Appropriations			31,761,251.00
Grants and Contracts			
Federal			4,980,518.00
State			
Other			
Gifts		11,808,314.00	
Investment Income (endowments, auxiliary and other)	269,984.00	5,504,206.00	2,473,304.00
Interest Income		(2,505,962.00)	
Interest Expense (capital assets)			
Combined Margin Allocation			(7,458,093.00)
Other Nonoperating Revenues	425,334.00		(778,736.00)
Net Nonoperating Revenues	695,318.00	14,806,558.00	30,978,244.00
Income before other revenues, expenses, gains, or loss	1,022,333.00	15,635,070.00	9,886,309.00
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments		1,012,459.00	
Total Other Revenues	0.00	1,012,459.00	0.00
Increase in Net Assets	1,022,333.00	16,647,529.00	9,886,309.00
NET ASSETS			
Net Assets-beginning of year, as originally reported	14,323,513.00	109,264,956.00	201,621,826.00
Prior Year Adjustments			
Net Assets-beginning of year, restated	14,323,513.00	109,264,956.00	201,621,826.00
Net Assets-End of Year	$15,345,846.00	$125,912,485.00	$211,508,135.00

Statement of Revenues, Expenses and Changes in Net Assets, Continued

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005

	Component Units		
	Medical College of Georgia Foundation, Inc.	**Medical College of Georgia Dental Foundation**	**Medical College of Georgia Research Institute**
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions	4,660,225.00		
Endowment Income (per spending plan)			75,122.00
Federal Appropriations			
Grants and Contracts			
Federal			41,377,823.00
State			
Other			7,416,498.00
Sales and Services			
Rents and Royalties	1,469,105.00		112,400.00
Auxiliary Enterprises			
Residence Halls			
Bookstore			
Food Services			
Parking/Transportation			
Health Services			
Intercollegiate Athletics			
Other Organizations			
Clinical and Patient Fees		4,175,027.00	
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)	(13,125.00)		
Interest and Dividend Income	1,276,863.00		
Other Operating Revenues			47,966.00
Total Operating Revenues	7,393,068.00	4,175,027.00	49,029,809.00
EXPENSES			
Operating Expenses			
Salaries:			
Faculty		318,792.90	
Staff	473,936.37	143,051.05	
Benefits	144,896.63	8,433.77	
Other Personal Services	25,427.00	1,994,682.53	
Travel	17,704.00	22,484.38	23,493.00
Scholarships and Fellowships			
Utilities			
Supplies and Other Services	288,873.00	1,767,666.32	436,555.00
Depreciation	275,790.00		478.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	12,200,000.00		47,876,901.00
Total Operating Expenses	13,426,627.00	4,255,110.95	48,337,427.00
Operating Income (loss)	(6,033,559.00)	(80,083.95)	692,382.00
NONOPERATING REVENUES (EXPENSES)			
State Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Gifts			
Investment Income (endowments, auxiliary and other)	7,299,401.00	80,083.95	
Interest Income			
Interest Expense (capital assets)			
Combined Margin Allocation			
Other Nonoperating Revenues	9,941.00		
Net Nonoperating Revenues	7,309,342.00	80,083.95	0.00
Income before other revenues, expenses, gains, or loss	1,275,783.00	(0.00)	692,382.00
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	3,753,476.00		
Total Other Revenues	3,753,476.00	0.00	0.00
Increase in Net Assets	5,029,259.00	(0.00)	692,382.00
NET ASSETS			
Net Assets-beginning of year, as originally reported	116,358,807.00	0.00	3,361,757.00
Prior Year Adjustments			
Net Assets-beginning of year, restated	116,358,807.00	0.00	3,361,757.00
Net Assets-End of Year	$121,388,066.00	($0.00)	$4,054,139.00

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	Medical College of Georgia PPG Foundation	University of Georgia ReseaaGee undati237oUnitunda

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	University of Georgia Foundation	Georgia Southern University Housing Foundation	Georgia Southern University Foundation
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions	22,992,752.00		2,135,387.00
Endowment Income (per spending plan)	20,635,171.00		1,087,339.00
Federal Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			
Rents and Royalties			
Auxiliary Enterprises			
Residence Halls			
Bookstore			
Food Services			
Parking/Transportation			
Health Services			
Intercollegiate Athletics			
Other Organizations			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	6,179,579.00	61,588.00	292,055.00
Total Operating Revenues	49,807,502.00	61,588.00	3,514,781.00
EXPENSES			
Operating Expenses			
Salaries:			
Faculty			
Staff	1,351,246.00		
Benefits	175,795.00		
Other Personal Services			
Travel			92,732.00
Scholarships and Fellowships			
Utilities	83,406.00		
Supplies and Other Services	7,940,022.00	109,332.00	895,674.00
Depreciation	5,448,303.00		1,667.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	22,901,776.00		1,551,855.00
Total Operating Expenses	37,900,548.00	109,332.00	2,541,928.00
Operating Income (loss)	11,906,954.00	(47,744.00)	972,853.00
NONOPERATING REVENUES (EXPENSES)			
State Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Gifts			190,696.00
Investment Income (endowments, auxiliary and other)	34,076,184.00	873,651.00	
Interest Income		2,028,478.00	
Interest Expense (capital assets)	(7,725,849.00)	(2,298,381.00)	
Combined Margin Allocation			
Other Nonoperating Revenues	10,236,901.00		
Net Nonoperating Revenues	36,587,236.00	603,748.00	190,696.00
Income before other revenues, expenses, gains, or loss	48,494,190.00	556,004.00	1,163,549.00
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments			2,214,665.00
Total Other Revenues	0.00	0.00	2,214,665.00
Increase in Net Assets	48,494,190.00	556,004.00	3,378,214.00
NET ASSETS			
Net Assets-beginning of year, as originally reported	451,662,754.00		

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	GSU- Southern Boosters, Inc.	GSU Research & Service Foundation	Valdosta State University Foundation
REVENUES			
Operating Revenues			

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	Albany State University Foundation	Armstrong Atlantic State Univ. Foundation	AASU Educational Properties, Foundation, Inc.
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions	639,068.00	327,951.00	
Endowment Income (per spending plan)		53,804.00	3,826,329.00
Federal Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			
Rents and Royalties			
Auxiliary Enterprises			
Residence Halls			
Bookstore			
Food Services			
Parking/Transportation			
Health Services			
Intercollegiate Athletics			
Other Organizations			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues			
Total Operating Revenues	639,068.00	381,755.00	3,826,329.00
EXPENSES			
Operating Expenses			
Salaries:			
Faculty			
Staff			281,605.00
Benefits			
Other Personal Services			
Travel			
Scholarships and Fellowships	600,408.00	77,195.00	
Utilities			351,315.00
Supplies and Other Services	65,462.00	35,642.00	1,118,231.00
Depreciation	98,914.00		1,069,324.00
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	480,512.00	385,392.00	
Total Operating Expenses	1,245,296.00	498,229.00	2,820,475.00
Operating Income (loss)	(606,228.00)	(116,474.00)	1,005,854.00
NONOPERATING REVENUES (EXPENSES)			
State Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Gifts			
Investment Income (endowments, auxiliary and other)	(38,221.00)	52,891.00	
Intert			

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	Georgia College & State University Alumni Association, Inc.	Georgia Southwestern State University Foundation, Inc.	GSSU Research and Development

Statement of Revenues, Expenses and Changes in Net Assets, Continued

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	University of West Georgia Foundation	University of West Georgia Real Estate Foundation	Dalton State College Foundation
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions	1,442,856.00		1,127,968.00
Endowment Income (per spending plan)	471,862.00		218,300.00
Federal Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			
Rents and Royalties			
Auxiliary Enterprises			
Residence Halls			
Bookstore			
Food Services			
Parking/Transportation			
Health Services			
Intercollegiate Athletics			
Other Organizations			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	766,223.00		
Total Operating Revenues	2,680,941.00	0.00	1,346,268.00
EXPENSES			
Operating Expenses			
Salaries:			
Faculty			
Staff	371,685.00		
Benefits	90,186.00		
Other Personal Services			
Travel			
Scholarships and Fellowships			
Utilities			
Supplies and Other Services	858,047.00		33,488.00
Depreciation		17,087.00	
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	1,077,504.00		279,317.00
Total Operating Expenses	2,397,422.00	17,087.00	312,805.00
Operating Income (loss)	283,519.00	(17,087.00)	1,033,463.00
NONOPERATING REVENUES (EXPENSES)			
State Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Gifts			
Investment Income (endowments, auxiliary and other)	997,686.00	471,458.00	
Interest Income			

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	Macon State College Foundation	Abraham Baldwin Agricultural College Foundation	Bainbridge College Foundation
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions	334,333.00	1,025,640.00	16,947.55
Endowment Income (per spending plan)	92,373.00	3,959,119.00	

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	Coastal Georgia Community College Foundation	Darton College Foundation	East Georgia College Foundation, Inc.
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions	1,882,925.00	850,504.00	268,550.00
Endowment Income (per spending plan)	167,948.00	18,530.00	
Federal Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			
Rents and Royalties			
Auxiliary Enterprises			
Residence Halls			
Bookstore			
Food Services			
Parking/Transportation			
Health Services			
Intercollegiate Athletics			
Other Organizations			
Clinical and Patient Fees			
Net Patient Service Rev-37(115(a10()-56(r)-30 0 -1.201 TD[F)-12(ood S)-12(e)-56(r)-22(vi)59(c)-56(e)-56(s)]TJ0 Tw T*[P)-81((t)-9(i(e)-a5(en)56(t)47z)7[F(a)-			

Statement of Revenues, Expenses and Changes in Net Assets, Continued

	Floyd College Foundation	Gainesville College Foundation	Gordon College Foundation
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions	70,440.00	601,234.00	103,702.00
Endowment Income (per spending plan)		250,624.00	5,558.00
Federal Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			
Rents and Royalties			
Auxiliary Enterprises			
Residence Halls			
Bookstore			
Food Services			
Parking/Transportation			
Health Services			
Intercollegiate Athletics			
Other Organizations			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues	33,600.00	201,735.00	151.00
Total Operating Revenues	104,040.00	1,053,593.00	109,411.00
EXPENSES			
Operating Expenses			
Salaries:			
Faculty			
Staff		39,481.75	
Benefits		13,545.02	
Other Personal Services			
Travel			
Scholarships and Fellowships			
Utilities			
Supplies and Other Services	113,641.00	76,797.23	29,137.00
Depreciation	10,742.00		
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	141,958.00	494,132.00	109,173.00
Total Operating Expenses	266,341.00	623,956.00	138,310.00
Operating Income (loss)	(162,301.00)	429,637.00	(28,899.00)
NONOPERATING REVENUES (EXPENSES)			
State Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Gifts			
Investment Income (endowments, auxiliary and other)	42,044.00	192,452.00	490,568.00
Interest Income			
Interest Expense (capital assets)			
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	42,044.00	192,452.00	490,568.00

UNIVERSITY SYSTEM OF GEORGIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30 2005

	Component Units		
	Middle Georgia College Foundation	**South Georgia College Foundation**	**Waycross College Foundation**
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$0.00	$0.00	$0.00
Less: Scholarship Allowances			
Gifts and Contributions	150,912.00	80,747.89	72,250.00
Endowment Income (per spending plan)	41,714.00		30,352.00
Federal Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Sales and Services			
Rents and Royalties			
Auxiliary Enterprises			
Residence Halls			
Bookstore			
Food Services			
Parking/Transportation			
Health Services			
Intercollegiate Athletics			
Other Organizations			
Clinical and Patient Fees			
Net Patient Service Revenue			
Realized/Unrealized Gains (Losses)			
Interest and Dividend Income			
Other Operating Revenues		1,137.08	
Total Operating Revenues	192,626.00	81,884.97	102,602.00
EXPENSES			
Operating Expenses			
Salaries:			
Faculty			
Staff			1,200.00
Benefits			86.00
Other Personal Services			
Travel			
Scholarships and Fellowships			
Utilities			
Supplies and Other Services	10,902.00	7,519.11	7,133.00
Depreciation			
Other Operating Expense			
Payments to Other Component Units			
Payments to or on behalf of College/University	96,238.00	186,115.77	60,083.00
Total Operating Expenses	107,140.00	193,634.88	68,502.00
Operating Income (loss)	85,486.00	(111,749.91)	34,100.00
NONOPERATING REVENUES (EXPENSES)			
State Appropriations			
Grants and Contracts			
Federal			
State			
Other			
Gifts			
Investment Income (endowments, auxiliary and other)		49,792.20	(13,284.00)
Interest Income			
Interest Expense (capital assets)			
Combined Margin Allocation			
Other Nonoperating Revenues			
Net Nonoperating Revenues	0.00	49,792.20	(13,284.00)
Income before other revenues, expenses, gains, or loss	85,486.00	(61,957.71)	20,816.00
Capital Grants and Gifts			
Federal			
State			
Other			
Loss on Bond Retirement			
Additions to permanent endowments	1,000.00	149,106.58	61,515.00
Total Other Revenues	1,000.00	149,106.58	61,515.00
Increase in Net Assets	86,486.00	87,148.87	82,331.00
NET ASSETS			
Net Assets-beginning of year, as originally reported	1,056,523.00	2,597,636.35	1,315,351.00
Prior Year Adjustments			
Net Assets-beginning of year, restated	1,056,523.00	2,597,636.35	1,315,351.00
Net Assets-End of Year	$1,143,009.00	$2,684,785.22	$1,397,682.00

UNIVERSITY SYSTEM OF GEORGIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2005

Note 1. Summary of Significant Accounting Policies

Nature of Operations

The University System of Georgia serves the state and national communities by providing its students with academic instruction that advances fundamental knowledge, and by disseminating knowledge to the people of Georgia and throughout the country.

Reporting Entity

The University System of Georgia is comprised of thirty-four (34) State supported member institutions of higher education in Georgia. The accompanying financial statements reflect the consolidated operations of the University System of Georgia.

The Board of Regents has constitutional authority to govern, control and manage the University System of Georgia. This authority includes but is not limited to the power to designate management, the ability to significantly influence operations, the authority to control institutions' budgets, the power to determine allotments of State funds to member institutions and the authority to prescribe accounting systems and administrative policies for member institutions. The University System of Georgia does not have authority to retain unexpended State appropriations (surplus) for any given fiscal year. Accordingly, all 34 institutions are considered organizational units of the Board of Regents of the University System of Georgia reporting entity for financial reporting purposes because of the significance of their legal, operational, and financial relationships with the Board of Regents as defined in Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards.

The Board of Regents of the University System of Georgia implemented GASB Statement No. 39 *Determining Whether Certain Organizations are Component Units - an amendment of Statement No. 14,* in fiscal year 2004. This statement requires the inclusion of the financial statements for foundations and affiliated organizations that qualify as component units in the Annual Financial Report. These statements (Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets) are discretely presented for the 54 component units of the University System of Georgia.

See Note 16. Component Units, for foundation notes.

Financial Statement Presentation

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The State of Georgia implemented GASB Statement No. 34 as of and for the year ended June 30, 2002. As an organizational unit of the State of Georgia, the University System was also required to adopt GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37 and No. 38. The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the University System's assets, liabilities, net assets, revenues, expenses, changes in net assets, cash flows, and replaces the fund-group perspective previously required.

Generally Accepted Accounting Principles (GAAP) requires that the reporting of summer school revenues and expenses be between fiscal years rather than in one fiscal year. Due to the lack of materiality, Institutions of the University System of Georgia will continue to report summer revenues and expenses in the year in which the predominate activity takes place.

Basis of Accounting

For financial reporting purposes, the University System is considered a special-purpose government engaged only in business-type activities. Accordingly, the University System's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting, except as noted in the preceding paragraph. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant inter-institution transactions have been eliminated.

The University System has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University System has elected to not apply FASB pronouncements issued after the applicable date.

Cash and Cash Equivalents

Cash and Cash Equivalents consist of petty cash, demand deposits and time deposits in authorized financial institutions, and cash management pools that have the general characteristics of demand deposit accounts. This includes the State Investment Pool and the Board of Regents Short-Term Investment Pool.

Short-Term Investments

Short-Term Investments consist of investments of 90 days – 13 months. This would include certificates of deposits or other time restricted investments with original maturities of six months or more when purchased. Funds are not readily available and there is a penalty for early withdrawal.

Investments

The University System accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Assets. The Board of Regents Legal Fund, the Board of Regents Balanced Income Fund, and the Board of Regents Total Return Fund are included under Investments.

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Georgia. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University System’s grant and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the Statement of Net Assets, and as a component of compensation and benefit expense in the Statements of Revenues, Expenses, and Changes in Net Assets. The University System of Georgia had accrued liability for compensated absences in the amount of $131,781,521.99 as of 7-1-2004. For FY2005, $102,775.086.88 was earned in compensated absences and employees were paid $ 93,914,883.22 for a net increase of $8,860,203.66. The ending balance as of 6-30-2005 in accrued liability for compensated absences was $ 140,641,725.65.

Noncurrent Liabilities

Noncurrent liabilities include (1) liabilities that will not be paid within the next fiscal year; (2) capital lease obligations with contractual maturities greater than one year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

Net Assets

The University System's net assets are classified as follows:

Invested in capital assets, net of related debt: This represents the University System's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. The term "debt obligations" as used in this definition does not include debt of the GSFIC as discussed previously in Note 1 – Capital Assets section.

Restricted net assets - nonexpendable: Nonexpendable restricted net assets consist of 385.cwent i(or FY2005,)T

Expendable Restricted Net Assets include the following:

June 30, 2005

Classification of Revenues
The University System has classified its revenues as either operating or non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of sponsored and unsponsored scholarships, (2) sales and services of auxiliary enterprises, net of sponsored and unsponsored scholarships, (3) most Federal, state and local grants and contracts and Federal appropriations, and (4) interest on institutional student loans.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Scholarship Allowances
Student tuition and fee revenues, and certain other revenues from students, are reported at gross with a contra revenue account of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship allowances are the difference between the stated charge for goods and services provided by the University System, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs

Kennesaw State University: Restatement of prior year net assets. Prior year net assets were restated due to a change in depreciation. The prior period adjustment on the Statement of Revenues, Expenses and Changes in Net Assets reflects this restatement of $1,620,415.99.

Bainbridge College: Restatement of prior year net assets. Bainbridge College had a restatement of prior year net assets decreasing beginning net assets by ($871,955.53). This was due to removing capital assets that do not meet the capitalization threshold.

South Georgia College: Restatement of prior year net assets. Prior year net assets were restated due to a $526,053.38 correction in capital assets. This is shown as a prior year adjustment on the Statement of Revenues, Expenses and Changes in Net Assets.

Waycross College: Restatement of prior year net assets. Prior period accumulated depreciation for the library collection has been restated in the amount of $188,805.63. Accumulated depreciation had been overstated due to an error in the library collection depreciation schedule.

Note 2. Deposits and Investments

DEPOSITS

Funds belonging to the State of Georgia (and thus the University System) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

1. Bonds, bills, certificates of indebtedness, notes, or other direct obligations of the United States or of the State of Georgia.

2. Bonds, bills, certificates of indebtedness, notes, or other obligations of the counties or municipalities of the State of Georgia.

3. Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.

4. Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.

5. Bonds, bills, certificates of indebtedness, notes, or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest, or debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, The Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association, and the Federal National Mortgage Association.

6. Guarantee or insurance of accounts pr g7iultAing 0.0005 Tw -1hng 0.0005 Tw h.36 TmiG

does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is valued at the pool's share price, $1.00 per share.

The Georgia Extended Asset Pool, managed by the Office of Treasury and Fiscal Services, is not registered with the Securities and Exchange Commission as an investment company. Net Asset Value (NAV) is calculated daily to determine current share price, which was $1.98 at June 30, 2005. The Georgia Extended Asset Pool is an AAA rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 1.07 years.

The State Depository Board, which has oversight over the Office of Treasury and Fiscal Services, may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short term time deposit agreements, provided that the interest

Hedge Funds - The investment approach to this asset class is to use a multi-strategy, multi-manager fund of hedge funds. The Board of Regents believes that a fund of fund strategy will provide the best access to a highly diversified pool of hedge fund strategies and managers.

Real Estate - The Board of Regents' approach for investing in this asset class is to use real estate investment trusts (REITs). REITs are more liquid than owning commercial real estate and diversification can be achieved by purchasing a mutual fund.

Venture Capital/Private Equity/Post Venture Capital - This asset class is the riskiest and most volatile permitted investment opportunity. This asset should be considered as an additional diversification investment strategy due to the low correlation with stock and bonds.

Reserves for contingencies and stock and bond purchases are expected to comprise the balance of the fund. Reserves and excess income should be invested at all times in practical amounts. Reserves can be invested in high quality institutional money mark from its failure to exercise ordinary care, its willful misconduct, or its failure to otherwise act in accordance with the contract.

2. All securities transactions are to be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or The Federal Reserve.

3. Repurchase agreements are to be collateralized by United States Treasury securities at 102% of the market value of the investment at all times.

At June 30, 2005, $168,067,579.44 was uninsured and held by the University System's custodian bank or a depositary institution, but not in the University System's name.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University System’s policy for managing credit quality risk is to comply

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The University System's policy for managing concentration of credit risk is to diversify investments to the extent that any single issuer shall be limited to 5% of the market value in a particular investment fund. United States Government and United States Governmental agency securities are exempt from this requirement.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University System's policy for managing foreign currency risk is to comply with Regents policy and applicable Fe

Note 6. Capital Assets

Following are the changes in capital asse

Note 7. Deferred Revenue

Deferred revenue consisted of the following at June 30, 2005.

	June 30, 2005
Prepaid Tuition and Fees	$95,368,798.63
Research	37,334,963.90
Other Deferred Revenue	44,233,295.32
Totals	$176,937,057.85

other funding sources are not available. The Institute is responsible for most operating costs such as repairs, utilities and insurance for this lease.

Georgia State University

Georgia State University has two capital leases associated with buildings. In July 2001, Georgia State University entered in to a capital lease valued at $34,650,000.00 with an effective interest rate of 6.985 percent with the Georgia State University Foundation (Foundation), whereby the University leases the Student Recreation Center for a twenty-year period that began July 2001 leases with The University of Georgia Real Estate Foundation, whereby the University leases the East Campus Village dormitory complex and the East Village Commons dining hall for a 30 year period that began July 1, 2004, and expires June 30, 2005. The outstanding liability at June 30, 2005 on these capital leases is $148,387,597.14.

Georgia Southern University

Georgia Southern University had one capital lease with related entities in the current fiscal year. In September 2003, Georgia Southern University entered into a capital lease of $42,668,051.33 (recorded at Net Present Value of Lease Payments) at 4.89 percent with the Georgia Southern University Housing Foundation, Inc. an affiliated organization, whereby the University leases Land and Buildings for a twenty-seven year period that began September 2003 and expires October 2031. The outstanding liability at June 30, 2005 on this capital leases is $41,040,443.18.

Georgia Southern University also has various capital leases for equipment with an outstanding balance at June 30, 2005 in the amount of $424,327.72.

Valdosta State University

Valdosta State University had two capital leases with related entities in the current fiscal year. In 2005, Valdosta State University entered into a capital lease of $19,285,471.00 at a varying interest rate with the Valdosta State University Foundation Real Estate I, LLC. The University leases a Centennial Hall, a housing unit located on Sustella Avenue for a twenty-five year period. In July of 2004, the University entered into a capital lease of $1,141,194.06 at 6.25 percent with the Valdosta State University Foundation, also a related party, whereby the University leases a building for a six-year period. The outstanding liability at June 30, 2005 on these capital leases is $18,956,090.22 and $979,334.21 respectively.

Valdosta State University also has various capital leases for equipment with an outstanding balance at June 30, 2005 in the amount of $55,629.13.

Kennesaw State University

Kennesaw State University had five capital leases with Kennesaw State University Foundation, Inc., a discretely presented component unit, in the current fiscal year.

In May 2002, Kennesaw State University entered into a capital lease of $3,965,767.73 at 9.14 percent whereby the University leases nine houses for a twenty-five-year period that expires April 2027. The outstanding liability at June 30, 2005 on this capital lease is $3,775,691.36.

In August 2002, the University entered into a capital lease of $21,016,937.82 at 4.7 percent whereby the University leases two parking decks for a twenty-four-year period that expires July 2026. In August 2003, the lease payments increased because additional space was added to one of the decks, bringing the value of the lease to $24,093,887.21. The decks are constructed on land owned by the University and leased to Kennesaw State University Foundation, Inc. for $1.00 annually for a period of 25 years commencing in June 2001. At the expiration of the

$1,737,387.00 and $1,448,479.97 respectively, at an interest rate of 5.65 percent. All of the above obligations were entered into with SunTrust Bank and have maturity dates during FY 2010.

OPERATING LEASES

The University System of Georgia's noncancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2007 through 2030. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancelable if the State of Georgia does not provide adequate funding, but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis. Examples of property under operating leases are copiers and other small business equipment. System-wide remaining payments on operating leases total $120,883,297.73.

Future commitments for capital leases (which here and on the Statement of Net Assets include other installment purchase agreements) and for noncancellable operating leases having remaining terms in excess of one year as of June 30, 2005, were as follows:

Year Ending June 30:	Year	Total Capital Leases	Total Operating Leases
2006	1	$56,507,535.42	$23,085,251.23
2007	2	55,915,027.76	9,711,417.93
2008	3	55,366,355.09	7,491,042.85
2009	4	54,818,343.67	6,377,227.52
2010	5	53,249,455.19	6,062,842.93
2011 through 2015	6-10	259,275,262.20	23,279,231.83
2016 through 2020	11-15	266,515,296.86	14,600,993.28
2021 through 2025	16-20	238,233,909.33	15,445,293.72
2026 through 2030	21-25	176,126,597.79	14,829,996.44
2031 through 2035	26-30	60,217,089.78	
2036 through 2040	31-35		
2041 through 2045	36-40		
Total minimum lease payments		1,276,224,873.09	$120,883,297.73
Less: Interest		584,314,609.98	
Less: Executory costs (if paid)		15,206,822.97	
Principal Outstanding		$676,703,440.14	

Note 11. Retirement Plans

Teachers Retirement System of Georgia

Plan Description

The University System of Georgia participates in the Teachers Retirement System of Georgia (TRS), a cost-sharing multiple-employer defined benefit pension plan established by the Georgia General Assembly. TRS provides retirement allowances and other benefits for plan participants. TRS provides service retirement, disability retirement, and survivor's benefits for its members in accordance with State statute. The Teachers Retirement System of Georgia issues a separate stand alone financial audit report and a copy can be obtained from the TRS offices or from the Georgia Department of Audits and Accounts.

Funding Policy

Employees of the University System of Georgia who are covered by TRS are required by State statute to contribute 5% of their gross earnings to TRS. The University System of Georgia makes monthly employer contributions to TRS at rates adopted by the TRS Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2005, the employer contribution rate was 9.24% for covered employees. Employer contributions for the current fiscal year and the preceding two fiscal years are as follows:

Fiscal Year	Percentage Contributed	Required Contribution
2005	100%	$106,062,476.85
2004	100%	$106,773,703.51
2003Tc -0.0015 Tw -20.105 -1.15 Td[(the current f)9(i)-1(scal year an)6(d the preced)]TJ0.0003 Tc -0.001 Tw 14.765 0 Td(i		

Regents Retirement Plan

Plan Description

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan that was created/established by the Georgia General Assembly in O.C.G.A. 47-21-1 et.seq. and is administered by the Board of Regents of the University System of Georgia. O.C.G.A. 47-3-68(a) defines who may participate in the Regents Retirement Plan. An "eligible university system employee" is a faculty member or a principal administrator, as designated by the regulations of the Board of Regents. Under the Regents Retirement Plan, a plan participant may purchase annuity contracts from four approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) for the purpose of receiving retirement and death benefits. Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

Funding Policy

The University System of Georgia makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State Statute and as advised by their independent actuary. For fiscal year 2005, the employer contribution was 9.65% of the participating employee's earnable compensation. Employees contribute 5% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

The University System of Georgia and the covered employees made the required contributions of $64,013,570.64 (9.65%) and $32,852,619.33 (5%), respectively.

AIG-VALIC, American Century, Fidelity, and TIAA-CREF have separately issued financial reports which may be obtained through their respective corporate offices.

Georgia Defined Contribution Plan

Plan Description

The University System of Georgia participates in the Georgia Defined Contribution Plan (GDCP) which is a single-employer defined contribution plan established by the General Assembly of Georgia for the purpose of providing retirement coverage for State employees who are temporary, seasonal, and part-time and are not members of a public retirement or pension system. GDCP is administered by the Board of Trustees of the Employees' Retirement System of Georgia.

Benefits

A member may retire and elect to receive periodic payments after attainment of age 65. The payment will be based upon mortality tables and interest assumptions to be adopted by the Board of Trustees. If a member has less than $ 3,500.00 credited to his/her account, the Board of Trustees has the option of requiring a lump sum distribution to the member in lieu of making periodic payments. Upon the death of a member, a lump sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary. Benefit provisions are established by State statute.

performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

Note 13. Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. This could result in refunds to the grantor agency for any expenditures that are disallowed under grant terms. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time although the University System of Georgia expects such amounts, if any, to be immaterial to its overall financial position.

Litigation, claims and assessments filed against the University System of Georgia, if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005.

Note 14. Post-Employment Benefits Other Than Pension Benefits

Pursuant to the general powers conferred by the life insurance programs for regular tally disabl
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As of June 30, 2005, there were 12,178 employees w

Note 15. Natural Classifications with Functional Classifications

The University System's operating expenses by functional classification for FY2005 are shown below:

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Natural Classification						
Faculty	$591,725,381.02	$194,951,323.17	$49,280,681.26	$11,180,326.37	$599,842.07	$1,523,494.75
Staff	213,267,793.23	224,405,005.34	128,915,814.78	161,937,789.41	92,129,854.66	197,024,766.56
Benefits	333,625,240.57	75,184,319.05	40,709,648.61	42,545,171.28	21,706,021.88	69,966,592.29
Personal Services	1,908,620.92	323,809.78	683,581.96	90,725.36	76,704.39	146,322.37
Travel	10,875,197.68	16,999,835.18	5,381,799.47	3,271,125.10	1,763,168.76	2,791,203.99
Scholarships and Fellowships	(1,086,742.40)	1,917,942.96	929,368.71	243,346.15	2,215,142.30	2,672,687.19
Utilities						

Note 16. Component Units

benefit of, the Institute, Facilities is considered a component unit of Georgia tech and is discretely presented in the Institute's financial statements.

The Georgia Tech Facilities, Inc is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation format for external financial reporting purposes in these financial statements. Facilities fiscal year is July 1 through June 30.

Investments carried as capital assets valued at $208,717,000.00 and bonds payable are included in Facilities financial statements. The corresponding buildings and associated long-term debt are included in the Institute's report. Note 10 of this financial report provides information on related party leases. Complete financial statements for Facilities can be requested at the following address:

Georgia Tech Facilities, Inc.
Treasurer's Office
Lyman Hall, Room 315
Atlanta, GA 30332-0257
Attention: Joel Hercik

Georgia Tech Foundation, Inc., (Foundation) is a legally separate, tax-exempt affiliate of the Georgia Institute of Technology (Institute). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the Institute in support of its programs. The Foundation board of trustees is self-perpetuating and consists of forty-five (45) elected trustees, who are alumni of the Institute and five (5) ex-officio trustees. Although the Institute does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted for support of the Institute. Because the resources held by the Foundation are used by, or for the benefit of, the Institute, the Foundation is considered a component unit of the Institute and is discretely presented in the Institute's financial statements.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from the Institute's GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation format for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $49,839,000.00 to the Institute for restricted and unrestricted purposes. Note 9 of this financial report provides information on related party leases between the Foundation and the Institute.

Complete financial statements for the Foundation can be requested at the following address:

Georgia Tech Foundation, Inc.
Controller's Office
760 Spring Street, N.W., Suite 400
Atlanta, GA 30308

Georgia Tech Research Corporation and its subsidiary Georgia Tech Applied Research Corporation (referred to in the singular as GTRC in this document) are legally separate, tax-exempt component units of the Georgia Institute of Technology (Institute). GTRC functions as the prime contractor for most sponsored research conducted at Georgia Tech and subcontracts with the Institute for faculty and staff services. GTRC's 12-member board of trustees is self-perpetuating and consists of senior Institute administrators, alumni, and supporters of Georgia Tech. GTRC's income and resources are restricted to support research mission objectives of Georgia Tech. Because resources held by GTRC are restricted for use in support of the Institute, GTRC is considered a component unit of Georgia Tech and is discretely presented in the Institute's financial statements.

The Georgia Tech Research Corporation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation format for external financial reporting purposes in these financial statements. The Research Corporation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, GTRC distributed $34,387,628.00 to the Institute, primarily as reimbursement for research and other sponsored activities conducted on campus. The Institute distributed $3,187,047.72 to GTRC, primarily for related-party rental payments. Note 10 of this financial report provides information on related party leases. Complete financial statements for GTRC can be requested at the following address:

Georgia Tech Research Corporation
Director of Accounting and Reports
505 Tenth Street
Atlanta, GA 30332-0415

Investments for Component Units

The Georgia Tech Athletic Association utilizes the services of the Georgia Tech Foundation, Inc. for investment purposes. At June 30, 2005, the Foundation held $61,369,437.00 in investments for the Athletic Association. This amount is reflected as a Due To/From Component Units on the Statement of Net Assets for the respective organizations.

Georgia Tech Alumni Association holds investments in mutual funds valued at $578,346.00.

Georgia Tech Facilities, Inc. lists investments totaling $208,717,000.00 on its balance sheet, which is composed of investments in U.S. Treasury Notes totaling $65,458,000.00 and investments in real estate totaling $143,259,000.00. The U. S. Treasury notes will be used to construct facilities that will be leased by Georgia Institute of Technology.

The Georgia Tech Foundation, Inc. (GTF) holds investments totaling $1.0 billion as of June 30, 2005, of which $310.8 million is the corpus of the endowment (permanently restricted). The corpus in nonexpendable, but the earnings on the investments may be spent in accordance with donor restrictions or in accordance with GTF's spending policy. GTF has established a spending policy in which up to 6% of the twelve (12) quarter average market value of the endowment funds is allocated from the earnings for expenditure. In fiscal year 2005, the Foundation allocated 5.35% of that average.

Georgia Tech Research Corporation (GTRC) holds investments in the amount of $1.4 million. Investments consist of marketable securities.

Long –Term Liabilities for Component Units

The Georgia Tech Athletic Association, Inc. has one bond issue outstanding with a balance of $108,465,000 and one unsecured note payable totaling $1,012,694. The combined balance for the two is $109,477,694. The bonds payable total does not include an unamortized discount of $966,978 and an unamortized "swaption" premium of $2,263,457. Proceeds from the bonds and note payable were used to finance the acquisition and/or construction of athletic related facilities. Interest rates on the bonds and note range from 4% to 5.5%. Detail of outstanding balances and current year activity for the long-term debt is shown in the statements, which follow.

Georgia Advanced Technology Ventures, Inc. has two long-term leases and two notes payable, one secured and one unsecured. The leases are for Centergy Floors 1-3 with an interest rate of 6.25% and Centergy Floors 4-5 with ant FY2one t/TT0lst 38

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 3, 2005	Amounts due within One Year
Georgia Tech Foundation, Inc.					
Bonds Payable					
Series 2001A	$44,220,000.00	$0.00	$790,000.00	$43,430,000.00	$825,000.00
Series 2001A (Tax Exempt)	109,255,000.00		1,900,000.00	107,355,000.00	1,975,000.00
Series 2002A (Taxable)	72,585,000.00		1,315,000.00	71,270,000.00	1,380,000.00
Georgia Tech Facilities, Inc.					
Bonds Payable					
Series 1997A	10,370,000.00			10,370,000.00	
Series 1997B	19,945,000.00		235,000.00	19,710,000.00	245,000.00
Series 2003	70,320,000.00		450,000.00	69,870,000.00	470,000.00
Series 2004	75,205,000.00			75,205,000.00	1,435,000.00
Georgia Tech Athletic Association					
Bonds and Notes Payable					
Series 2001 and Note Payable	112,536,503.00		1,762,330.00	110,774,173.00	1,779,481.00
Georgia Advanced Technology Ventures					
Capital Lease Payable					
Centergy Floor 1-5	33,365,772.00	23,087,753.00		56,453,525.00	14,374.00
Total Long Term Debt	$547,802,275.00	$23,087,753.00	$6,452,330.00	$564,437,698.00	$8,123,855.00

Annual debt service requirements to maturity for Georgia Tech Facilities, Inc. Series 1997A, 1997B, 2003, and 2004 bonds payable are as follows:

Year Ending June 30:	Year	Principal	Interest	Total
2006	1	$2,150,000.00	$8,449,238.78	$10,599,238.78
2007	2	2,550,000.00	8,383,616.28	10,933,616.28
2008	3	3,920,000.00	8,309,060.65	12,229,060.65
2009	4	4,040,000.00	8,186,708.76	12,226,708.76
2010	5	4,185,000.00	8,049,312.50	12,234,312.50
2011 through 2015	6-10	23,820,000.00	37,307,903.17	61,127,903.17
2016 through 2020	11-15	30,480,000.00	30,647,177.80	61,127,177.80
2021 through 2025	16-20	39,400,000.00	21,742,330.18	61,142,330.18
2026 through 2030	21-25	39,330,000.00	11,327,250.01	50,657,250.01
2031 through 2035	26-30	20,535,000.00	4,366,750.00	24,901,750.00
2036 through 2040	31-35	4,745,000.00	237,247.00	4,982,247.00
2041 through 2045	36-40			
		$175,155,000.00	$147,006,595.13	$322,161,595.13

Annual debt service requirements to maturity for the Georgia Tech Athletic Association Series 2001 bonds payable and unsecured note payable are as follows:

		Bonds and Note Payable		
		Principal	Interest	Total
Year Ending June 30:	Year			
2006	1	$1,779,481.00	$5,554,895.00	$7,334,376.00
2007	2	1,855,480.00	5,475,095.00	7,330,575.00
2008	3	1,951,979.005		

Annual debt service requirements to maturity for the Georgia Advanced Technology Ventures, Inc. capital lease payable are as follows:

Year Ending June 30:	Year	Principal	Interest	Total
2006	1	$0.00	$3,020,724.12	$3,020,724.12
2007	2		3,112,687.44	3,112,687.44
2008	3		3,200,365.32	3,200,365.32
2009	4		3,288,293.04	3,288,293.04
2010	5		3,383,249.64	3,383,249.64
2011 through 2015	6-10	1,218,496.90	17,195,213.43	18,413,710.33
2016 through 2020	11-15	4,867,377.41	16,219,404.80	21,086,782.21
2021 through 2025	16-20	10,000,767.57	13,771,186.41	23,771,953.98
2026 through 2030	21-25	17,160,042.26	9,332,038.78	26,492,081.04
2031 through 2035	26-30	18,153,011.58	2,482,777.26	20,635,788.84
2036 through 2040	31-35			
2041 through 2045	36-40			
		$51,399,695.72	$75,005,940.24	$126,405,635.96
Unammortized Premium		($1,767,750.72)		
Unamortized Discount		6,821,580.00		
		$56,453,525.00		

Georgia State University

Georgia State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The 37-member board of the Foundation, of which 6 members are ex-officio, is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* During the 2005 fiscal year, the Foundation adopted GASB Statement No. 35, *Basic Financial Statement and Management's Discussion and Analysis for Public Colleges and University*, and has applied those statements having been defined a component unit of the University under the provisions of GASB Statement No. 39 *Determining Whether Certain Organizations Are Component Units*. The objective of the GASB in developing the new reporting standards is to enhance the understandability and usefulness of the external financial reports of state and local governments to the citizenry, legislative and oversight bodies and investors and creditors. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $6,686,723 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Ellen Burgin, Assistant Vice President Finance and Operations, Georgia State

University Foundation, P. O. Box 3963, Atlanta, GA 30302-3963 or in person at 1 Park Place rate of 4.5% of the market value of the endowment funds. A 1% management fee is used to fund the Foundation's administrative activities. The balance of the return is applied to the value of the endowment funds.

Georgia State University Foundation also holds investments in real property (land, buildings, net of depreciation) valued at $62,380,196.04 (net of depreciation of $16,844,619.27).

Investments:	
U.S. Equity Funds	$32,887,322.53
International Equity Funds	10,046,059.85
Venture Capital Funds	7,559,578.75
Futures and Hedge Funds	9,462,320.82
Bond Funds	19,883,393.26
REIT's	6,328,009.79
Total Investments	$86,166,685.00

At June 30, 2005, the carrying value and fair value of Georgia State University Research Foundations investments was $5,305,184. Investments are comprised of common stock and mutual funds. The common stock investment in the amount of $322,335 is held by the Research Foundation. Other investments are held in Georgia State University Foundation's investment pool in the Research Foundation's name.

financed through contributions to the Foundation and through bonds issued by the Downtown Development Authority of the City of Atlanta (the "Authority") and loaned to The University Financing Foundation (TUFF). The Foundation has entered into long term lease commitments with TUFF to provide for the debt service payments on the bonds and other bond financing related expenses. The Foundation will in turn lease the facilities to the University through a series of one year renewable lease agreements. Title to the two office buildings will pass to the Foundation at the end of the lease period or the retirement of the bonds, whichever occurs first.

During 2004, the 1994 bonds issued by the Authority were refunded to obtain savings in debt service and to obtain funds for improvements to the Rialto Theater. Accordingly, the Authority entered into a new loan agreement with TUFF and a new agreement with the Foundation as the guarantor of the bonds. The guarantee is expressly limited to the unrestricted income and unrestricted assets of the Foundation. The terms of the long-term lease commitment between TUFF and the Foundation were modified to reflect the new interest rate of the bonds, the additional proceeds available for capital improvements, the additional bond financing-related expenses and extending the term of the lease through November 1, 2015. Pursuant to this transaction, the Foundation also formed Rialto Center, LLC, a single member LLC with the Foundation as the sole member, for the purpose of holding the related capital lease. Financial statements of the Foundation incorporate the financial activities of Rialto Center, LLC. Interest expense relating to the TUFF lease obligation for the year ended June 30, 2005 amounted to $344,030.

Annual debt service requirements to maturity for the Rialto Center Capital Lease are as follows:

Rialto Capital Lease

Year Ending June 30:	Year	Principal	Interest	Total
2006	1	$263,001.74	$249,782.26	$512,784.00
2007	2	281,245.56	231,538.44	512,784.00
2008	3	300,754.89	212,029.11	512,784.00
2009	4	321,617.54	191,166.46	512,784.00
2010	5	343,927.38	168,856.62	512,784.00
2011 through 2015	6-10	2,112,367.21	451,552.79	2,563,920.00
2016	11	210,113.95	3,546.05	213,660.00
		$3,833,028.27	$1,508,471.73	$5,341,500.00

principal and interest on the bonds with the balance to be paid by the Authority. The Foundation will in turn sublease the facilities to the Board of Regents of the University System of Georgia (Board of Regents) for the use of the University. The liability of the Foundation is limited to the interest of the Foundation in the project and the rents, profits, issues, products and proceeds thereof. The City of Alpharetta is obligated to make 100% of the principal and interest payments on the bonds to the extent rental payments derived from the project are insufficient for such purposes. Interest expense related to lease obligations with the Authority amounted to $332,019 for the year ended June 30, 2005.

Annual debt service requirements to maturity for the Alpharetta Campus Facilities Capital Lease are as follows:

Alpharetta Capital Lease

Year Ending June 30:	Year	Principal	Interest	Total
2006	1	$388,275.00	$314,614.41	$702,889.41
2007	2	404,975.00	298,973.68	703,948.68
2008	3	421,675.00	282,469.35	704,144.35
2009	4	438,375.00		

fund-raising organization to supplement the resources that are available to the College in support of its programs. The Foundation functions as an independent corporation governed by its articles of incorporation, by-laws and its Board of Directors. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources and income that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Statements for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $12.2 million to the College for

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Foundation's fiscal year is from March 1, 2004 through February 28, 2005. Because the Foundation's year end differs from that of the College, amounts due to or due from the two entities are not consistent in this report.

Complete financial statements for the Foundation can be obtained from the Administrative Office of Medical College of Georgia, School of Dentistry, AD 1104, Augusta, Georgia 30912.

The Foundation's investments are comprised of the following amounts at June 30, 2005:

	Cost	Fair Value
Certificates of deposit	$1,853,000	$1,819,675
U.S. Treasury obligations	753,926	739,963
Annuities	200,000	230,845
Index fund	300,000	284,700
Cash management fund	12,153	12,153
Domestic equities	291,564	336,054
Total investments	$3,410,643	$3,423,390

Medical College of Georgia Research Institute, Inc. (Institute) is a legally separate, tax-exempt component unit of Medical College of Georgia (College). The Institute was established in 1980 to contribute to the educational, research and service functions of the College in obtaining contracts from individuals, industrial or other private organizations, government or other public agencies for the performance of sponsored research, development or other programs by the various departments or other units of the College. All research contracts awarded to the Institute are sub-contracted to the College, which is responsible for the fiscal administration of the research projects. Although the College does not control the timing or amount of activity, all grant awards are sub-contracted and managed by the College. Because of this special relationship, the Institute is considered a component unit of the College and is discretely presented in the College's financial statements.

Prior to the year ended June 30, 2005, the Institute followed accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. During the year ended June 30, 2005, the Institute adopted accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The Institute adopted this change in accounting principles in order to be consistent with the accounting principles followed by its primary government, Medical College of Georgia. The information for the year ended June 30, 2005 has been presented in a manner consistent with the newly adopted accounting principles. The change in accounting principles had no effect on beginning net assets or the change in net assets. The Institute's fiscal year is July 1 through June

During the year ended June 2005, the Institute sub-contracted approximately $46 million of research projects to the College. Complete financial statements for the Institute can be obtained from the Medical College of Georgia's Office of Grants and Contracts at Medical College of Georgia, Augusta, GA 30912.

The Medical College of Georgia Physicians Practice Group Foundation (PPG) is a legally separate, tax-exempt component unit of the Medical College of Georgia (College). The PPG acts primarily as a nonprofit organization for the purpose of enhancing the clinical, research, and educational missions of the College and billing and collecting for medical services provided to patients. Revenues are obtained primarily from physician fees charged to patients at Medical College of Georgia Hospital and Clinics, which is operated by MCG Health, Inc. The PPG Properties, LLC is a limited liability company formed in 2001 by PPG to manage real estate rental properties. PPG Alternative Collections, LLC is a limited liability company formed in 2003 by PPG to bill and collect for anesthesia services provided to patients. Georgia Esoteric and Molecular Labs, LLC was formed in 2004 by PPG to operate a specialized pathology laboratory with genetic or molecular testing capabilities. MCG-PPG Cancer Research Center, LLC was formed in 2004 by PPG to construct, own and operate a portion of a building to house a cancer research center on the campus of MCG. PPG is the sole partner and has sole voting control of each LLC. Because the PPG's purpose is to support the clinical, research, and educational missions of the College, it is considered a component unit of the College and is discretely presented in the College's financial statements.

The PPG is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations* with the exceptions as noted below. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The PPG's consolidated financial statements have been prepared substantially on the basis of cash receipts and cash disbursements with the exception of the following: interest earned on investments, salary supplements due to the College, incentive compensation, and retirement plan contribution expense are accounted for using the accrual method of accounting. Additionally, four-year scholarships awarded to College students are expensed in the year awarded, and property and equipment are capitalized and depreciated. Other adjustments required under accounting principles generally accepted in the United States of America for the accrual basis of accounting have not been reflected in the accompanying financial statements, including the equity method of accounting for PPG's investments in a joint venture. The equity method of accounting requires that the carrying value of investments meeting certain criteria be adjusted to reflect the investor's share of the investee's income and losses with the income or losses included in a statement of activities. The FASB reports were reclassified

The PPG's investments are comprised of the following amounts at June 30, 2005:

	Cost	Fair Value
U. S. Treasury bonds and notes	$9,257,215	$9,268,123
Corporate bonds and notes	8,582,299	8,697,780
Common stocks	9,112,713	11,419,965
Federal Home Loan Bank		

The Company’s investments as of June 30, 2005 are presented below. All investments are presented by investment type and debt securities are presented by maturity

		Investment Maturity			
Investment Type	**Fair Value**	**Less Than 1 Year**	**1 - 5 Years**	**6 - 10 Years**	**More than 10 Years**
Debt Securities					
U. S. Treasuries	$0.00	$0.00	$0.00	$0.00	$0.00
U. S. Agencies	20,405,831.00	7,737,025.00	12,668,806.00		
Corporate Debt	1,147,969.00	252,655.00	895,314.00		
Repurchase Agreements					
	21,553,800.00	$7,989,680.00	$13,564,120.00	$0.00	$0.00
Other Investments					
Equity Mutual Funds					
Equity Securities - Domestic					
Certificate of Deposit	118,243.00				
Accrued Interest and Dividends	76,651.00				
Total Investments	$21,748,694.00				

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Company limits investments in any single equity security and any single government agency to 10% and 30%, respectively, of its investment portfolio. Individual U.S. Treasury securities may represent up to 30% of the total investment portfolio, while the total allocation to U.S. Treasury notes and bonds may represent up to 100% of the Company's aggregate bond position.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Company does not have a policy for managing exposure to foreign currency risk.

Long-Term Liabilities

MCG Health, Inc. is the lessee of certain equipment under noncancellable leases expiring in various years through 2010. Interest rates range from 4.24% to 6.98%. Professional liability is the self-insured portion of professional liability risks. Accrued professional liability costs are determined actuarially.

Changes in long-term liabilities for the fiscal year ended June 30, 2005 are shown below:

Beginning

University of Georgia

The University of Georgia Research Foundation (the Research Foundation) is a legally separate, tax-exempt component unit of The Un

The Foundation's investments as June 30, 2005 are presented below. All investments are presented by investment type and debt securities are presented by maturity.

Investment Type	Fair Value	Less Than 1 Year	1 - 5 Years	6 - 10 Years	More than 10 Years
Debt Securities					

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Foundation's

CAPITAL ASSETS

Changes in capital assets for the University of Georgia Research Foundation for the year ended June 30, 2005 are as follows:

The Association's bank balanio3DC 0 s cl

Long Term Liabilities

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 30, 2005	Amounts due within One Year
Revenue Bonds Payable					
Athletic Association					
Athletic Facilities	$84,502,614.00	$17,470,000.00	$27,315,132.00	$74,657,482.00	$2,324,681.00
Deferred Compensation	0.00	1,781,602.00		1,781,602.00	238,707.00
Total Long Term Debt	$84,502,614.00	$19,251,602.00	$27,315,132.00	$76,439,084.00	$2,563,388.00

Total long-term debt of the University of Georgia Athletic Association consisted of the following at June 30:

Annual debt service requirements at 06/30/2005 for the Athletic Association are as follows:

Year Ending June 30:	Year	Principal	Interest	Total
2006	1	$2,324,683.00	$2,150,649.00	$4,475,332.00
2007	2	1,850,371.00	2,084,039.00	3,934,410.00
2008	3	1,904,951.00	2,015,359.00	3,920,310.00
2009	4	1,866,794.00	1,944,540.00	3,811,334.00
2010	5	1,922,025.00	1,871,343.00	3,793,368.00
2011 through 2015	6-10	9,471,991.00	8,102,196.00	17,574,187.00
2016 through 2020	11-15	9,062,778.00	6,956,843.00	16,019,621.00
2021 through 2025	16-20	6,045,556.00	5,261,869.00	11,307,425.00
2026 through 2030	21-25	3,833,333.00	4,589,769.00	8,423,102.00
2031 through 2035	26-30	36,375,000.00	922,741.00	37,297,741.00
2036 through 2040	31-35			
2041 through 2045	36-40			
		$74,657,482.00	$35,899,348.00	$110,556,830.00

The University of Georgia Foundation is a legally separate, tax-exempt component unit of the University of Georgia. The Foundation was chartered in 1937 to receive and administer contributions for the support of the academic programs of the University of Georgia (the "University"). The 35-member Board of Trustees has fiduciary responsibility for managing the Foundation's assets. The Foundation Executive Committee is composed of the chairman, vice-chairman, secretary, treasurer, the chairman from each of the other standing trustee committees and one at-large member. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

During the year ended June 30, 2005, the Foundation distributed $14,635,504 to the University for scholarships and donor restricted support. Facilities valued at $162 million and the associated long-term debt are included in the financial statements of the Foundation. The corresponding capital leases and associated long-term debt are included in the University's report and will be eliminated for CAFR reporting. Complete financial statements for the Foundation can be obtained from the Foundation Office at 394 South Milledge Avenue, Athens, GA 30602.

INVESTMENTS

The University of Georgia Foundation holds investments in the amount of $426 million. The University of Georgia Foundation established a spending plan for all endowment funds effective with fiscal year 1999. Under this plan, funds are allowed to expend the lesser of Investment Return (dividend/interest yield and market appreciation) or the Spending Calculation for that fund. The Spending Calculation is derived by applying a "Spending Calculation Rate" to the average principal balance of the fund over the preceding 36 months. The Investment Committee of the Foundation's Board of Trustees establishes the "Spending Calculation Rate" to be used in the spending calculation each year. Gifts made to fund current expenditures are not endowed and, therefore, are not subject to the Spending Policy.

The University of Georgia Foundation also holds investments in real property valued at $17,477,005.

Investments:

	Cost	Fair Value
Certificates of Deposit	$158,457.00	$158,457.00
Common Stock	3,796,047.83	4,130,055.00
Corporate Bonds	1,020,363.62	1,026,947.00
U.S. Government Securities	734,220.04	726,907.00
Mutual Funds	1,135,432.74	1,164,501.00
Split-Interest Investments	13,173,259.25	14,845,294.00
Long-Term Investment Pool	333,249,156.00	386,388,421.00
Investments in Real Estate	17,477,005.00	17,477,005.00
Total Investments	$370,743,941.48	$425,917,587.00

As of June 30, 2005, the long-term investment pool consists of investments in domestic and international equities (70.6%), fixed income instruments (10.0%), private equity investments (5.4%), real estate funds (6.2%), hedge funds (7.5%) and deposits (.3%) that are held by outside investment managers.

The Long-Term Investment Pool includes assets held for the Athletic Association and the Research Foundation in the amounts of $2,273,308 and $2,220,886, respectively. These amounts are also reported as investments by those entities. The Foundation reports the liability for these investments in Deposits Held for Other Organizations.

Long Term Liabilities

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 30, 2005	Principal due within One Year
$25,620,000 bond issue--Par value of bonds outstanding	$24,610,000	$0	($535,000)	$24,075,000	$0
$39,155,000 bond issue:					

The University of Georgia Foundation Debt Disclosure

$25,620,000 Bond Issue—In 2001, the Development Authority of the Unified Government of Athens—Clarke County, Georgia (the "Development Authority") issued Revenue Bonds (UGA Real Estate Foundation, Inc. Project), Series 2001 (the "2001 Bonds") and entered into an agreement (the "2001 Loan Agreement") to loan $25,620,000 to the Real Estate Foundation. The 2001 Bonds are secured by a letter of credit issued on behalf of the Real Estate Foundation in favor of the Development Authority under the Real Estate Foundation's $75 million credit agreement discussed below. The Foundation has guaranteed the obligations, including the letter of credit, under the Real Estate Foundation's $75 million revolving credit agreement. During 2002, the Real Estate Foundation used the proceeds of this loan to fund purchases and improvements of certain properties.

Borrowings under the 2001 Loan Agreement bear interest payable monthly at a formula rate adjusted each week (2.29% and 1.08% at June 30, 2005 and 2004, respectively). The loan matures in 2031, subject to certain early repayment provisions. During the years ended June 30, 2005 and 2004, principal payments of $535,000 and $515,000, respectively**,** were made.

During 2003, the Real Estate Foundation entered into an interest rate swap agreement effectively changing the interest rate exposure on the 2001 Loan Agreement from variable to a 1.75% fixed rate until February 1, 2005. The fair value of the termination cost of the interest rate swap as of June 30, 2004 was $48,489 and was recorded as an accrued liability in accordance with SFAS No. 133. The Real Estate Foundation recorded a gain of $160,765 for the year ended June 30, 2004 as an adjustment to interest expense related to this swap. During the year ended June 30, 2005, this swap agreement expired and the related gain on the fair value of the derivative of $48,489 has been reflected in interest expense.

During 2005, the Real Estate Foundation entered into an interest rate cap agreement effectively limiting the interest rate on a portion of the 2001 Loan Agreement to a 3.5% fixed rate until November 30, 2007. The Real Estate Foundation paid a premium of $91,000 in connection with this agreement. The fair value of the interest rate cap as of June 30, 2005 was $58,311 and was recorded as an asset in accordance with SFAS No. 133. The Real Estate Foundation recorded a loss on the fair value of the derivative of $32,689 for the year ended June 30, 2005 as an adjustment to interest expense related to this agreement.

$25,620,000 Bond Issue

Year Ending June 30:	Year	Principal	Interest*	Total
2006	1	$0	$551,318	$551,318
2007	2	11,659,523	284,314	11,943,837
2008	3		284,314	284,314
2009	4		284,314	284,314
2010	5		284,314	284,314
2011 through 2015	6-10		1,421,572	1,421,572
2016 through 2020	11-15		1,421,572	1,421,572
2021 through 2025	16-20		1,421,572	1,421,572
2026 through 2030	21-25		1,421,572	1,421,572
2031	26	12,415,477	284,314	12,699,791
		$24,075,000	$7,659,178	$31,734,178

* Interest is calculated using rate in effect at June 30, 2005, which was 2.29%.

$39,155,000 Bond Issue—In 2002, the Development Authority issued Educational Facilities Revenue Bonds (UGAREF CCRC Building, LLC Project), Series 2002 (the "CCRC Bonds") and entered into an agreement (the "CCRC Loan Agreement") to loan $39,155,000 to UGAREF CCRC Building, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the "CCRC Entity"). Payment of principal and interest under the CCRC Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facility and by the CCRC Entity's interest in certain rents and leases derived from the facility. During the years ended June 30, 2005 and 2004, the CCRC Entity used the proceeds of this loan to fund construction of the facility.

Borrowings under the CCRC Loan Agreement bear interest payable semiannually on December 15 and June 15 at fixed rates ranging from 2.5% to 5% depending on the schedule of bond maturities. Principal payments are due on December 15 starting in 2004 and continuing through 2032. During the year ended June 30, 2005, a principal payment of $740,000 was made.

$39,155,000 Bond Issue

		Principal	Interest	Total
Year Ending June 30:	Year			
2006	1	$760,000	$1,728,264	$2,488,264
2007	2	780,000	1,709,014	2,489,014
2008	3	800,000	1,688,264	2,488,264
2009	4	825,000	1,664,889	2,489,889
2010	5	850,000	1,639,233	2,489,233
2011 through 2015	6-10	4,710,000	7,724,501	12,434,501
2016 through 2020	11-15	5,840,000	6,601,211	12,441,211
2021 through 2025	16-20	7,435,000	5,009,541	12,444,541
2026 through 2030	21-25	9,480,000	2,946,563	12,426,563
2031 through 2033	26-28	6,935,000	530,469	7,465,469
		$38,415,000	$31,241,949	$69,656,949

$99,860,000 Bond Issue—In 2002, the Housing Authority of the City of Athens, Georgia, issued Student Housing Lease Revenue Bonds (UGAREF East Campus Housing, LLC Project), Series 2002 (the "Housing Bonds") and entered into an agreement (the "Housing Loan Agreement") to loan $99,860,000 to UGAREF East Campus Housing, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the "Housing Entity"). Payment of principal and interest under the Housing Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facilities and by the Housing Entity's interest in certain rents and leases derived from the facilities. During the years ended June 30, 2005 and 2004, the Housing Entity used the proceeds of this loan to fund construction of certain real estate projects.

Borrowings under the Housing Loan Agreement bear interest payable semiannually on December 1 and June 1 at fixed rates ranging from 3% to 5.25% depending on the schedule of bond maturities. Principal payments are due on December 1 starting in 2005 and continuing through 2033. During the year ended June 30, 2005, a prepayment of principal in the amount of $125,000 was made based on surplus bond proceeds as required under the bond agreement.

		$99,860,000 Bond Issue		
		Principal	Interest	Total
Year Ending June 30:	Year			
2006	1	$1,825,000	$4,764,175	$6,589,175
2007	2	1,875,000	4,708,675	6,583,675
2008	3	1,935,000	4,651,525	6,586,525
2009	4	2,000,000	4,590,000	6,590,000
2010	5	2,060,000	4,516,300	6,576,300
2011 through 2015	6-10	11,515,000	21,240,800	32,755,800
2016 through 2020	11-15	14,235,000	18,231,857	32,466,857
2021 through 2025	16-20	18,640,000	13,950,456	32,590,456
2026 through 2030	21-25	23,635,000	8,604,375	32,239,375
2031 through 2034	26-29	22,015,000	2,214,250	24,229,250
		$99,735,000	$87,472,413	$187,207,413

$8,215,000 Bond Issue—In 2003, the Oconee County Industrial Development Authority issued Revenue Bonds (UGAREF Gainesville Campus, LLC Project), Series 2003 (the "Gainesville Campus Bonds") and entered into an agreement (the "Gainesville Campus Loan Agreement") to loan $8,215,000 to UGAREF Gainesville Campus, LLC (a single-member limited liability company owned by the Real Estate Foundation) (the "Gainesville Campus Entity"). Payment of principal and interest under the Gainesville Campus Bonds is insured by a financial guaranty insurance policy and secured by certain real property constituting the facility and by the

agreement with the Board of Regents and (2) the ability to decline to make any further loans or to issue further letters of credit to the Real Estate Foundation.

In September 2005, the Real Estate Foundation entered into a forbearance agreement with the bank which expires July 31, 2006. During the forbearance period, the bank agrees not to call any borrowings or letters of credit and to continue to make loans as long as the conditions of the revolving credit agreement and the forbearance agreement are met. The balance of borrowings and letters of credit as of June 30, 2005 that is callable by the bank after the forbearance period is $18,476,566 and is included in the total principal payments due during the year ended June 30, 2007.

$1,900,000 Credit Agreement—During 2003, the Real Estate Foundation established a $1.9 million credit agreement with a bank which was to expire July 29, 2007. The credit agreement provided for direct borrowings for the purchase and improvement of a property in Cortona, Italy. At June 30, 2004, the amount outstanding under this agreement was $1,636,000, with $264,000 available as borrowing capacity. Borrowings under the credit agreement bore interest at the bank's 30-day LIBOR rate plus 45 basis points (or .45%). During the year ended June 30, 2004, the rate applicable to the borrowings was 1.81%. The Foundation had guaranteed the obligations of the Real Estate Foundation under this credit agreement.

During the year ended June 30, 2005, this line of credit was repaid using funds from the $75 million revolving credit agreement described previously.

$300,000 Credit Agreement—During 2003, the Foundation established a $0.3 million credit agreement with a bank which was to expire June 30, 2009. The credit agreement provided for direct borrowings for the purchase and improvement of a property in Costa Rica. At June 30, 2004, the amount outstanding under this agreement was $200,000, with $100,000 available as borrowing capacity. Borrowings under the credit agreement bore interest at the bank's 30-day LIBOR rate plus 45 basis points (or .45%). During the year ended June 30, 2004, the rate applicable to the borrowings was 1.61%.

$1,800,000 Note Payable—During 2000, the Foundation signed a $1.8 million promissory note agreement with a bank, which expires on December 31, 2019. At June 30, 2005 and 2004, $1,268,250 and $1,357,250, respectively, was outstanding under this agreement. Interest is charged at a fixed rate of 7.13%. Principal payments in the amount of $22,250 are payable quarterly.

		Principal	Interest	Total
Year Ending June 30:	Year			
2006	1	$89,000	$88,047	$177,047
2007	2	89,000	81,701	170,701
2008	3	89,000	75,355	164,355
2009	4	89,000	69,009	158,009
2010	5	89,000	62,664	151,664
2011 thro				

$1,117,865 Note Payable—During 2002, the Foundation signed an $880,000 promissory loan agreement with a bank which was amended during 2005 to increase the borrowed amount to $1,117,865. This agreement expires on May 1, 2007. At June 30, 2005 and 2004, $1,099,050 and $831,034, respectively, was outstanding under this agreement. Interest is charged at the bank's 30-day LIBOR rate plus 0.45%, or 3.56% and 1.56% at June 30, 2005 and 2004, respectively. Principal and interest are payable monthly.

At June 30, 2005, the Foundation had an outstanding interest rate swap agreement effectively changing the interest rate exposure on the $1,117,865 note payable from variable to a 5.9% fixed rate through December 2004 and a 5.75()st are payp79 $rfix205 Tc 0.1498 Tw 222.55 0 Tdn tncrfint ovnder at

During the year ended June 30, 2005, the Foundation distributed $1,551,855 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Georgia Southern Lega statements for the Foundation can be obtained from Georgia Southern Legal Office, P.O. Box 8020, Statesboro, GA 30461.

Investments for Component Units

Georgia Southern University Housing Foundation holds net investments in direct financing in the amount of $32,793,882.00.

Total Investments in Real Estate	$32,793,882.00

Long-Term Liabilities for Component Units

Student Housing Bonds are issued by the Georgia Southern University Housing Foundation to finance student housing and recreation facilities on university property funded by the proceeds of the Bond Issuance. The Foundation has note payables with banks and grants a pledge and assignment of and grants a lien upon and security interest in, the loan agreement, the deed, and the development agreement as security for the bonds. The interest rate on the Bonds varies, based on the Bond and the Year; from 2.75% to 5.25%.

Changes in long-term liabilities for the Georgia Southern Housing Foundation for the fiscal year ended June 30, 2005 are shown below:

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 30, 2005	Amounts due within One Year
Revenue Bonds Payable					
GSU Housing Foundation					
Note Payable-Wachovia	$38,737,928.00	$0.00	$395,000.00	$38,342,928.00	$885,000.00
Note Payable-BB&T	35,983,721.00	41,051,840.00		77,035,561.00	100,000.00
Total Long Term Debt	$74,721,649.00	$41,051,840.00	$395,000.00	$115,378,489.00	$985,000.00

Debt Service Obligations:

Annual debt service requirements to maturity for Student Housing for Georgia Southern Housing Foundation revenue bonds payable (Wachovia) are as follows:

		Bonds Payable		
		Principal	Interest	Total
Year Ending June 30:	Year			
2006	1	$885,000.00	$1,693,706.00	$2,578,706.00
2007	2	910,000.00	1,657,681.00	2,567,681.00
2008	3	955,000.00	1,620,606.00	2,575,606.00
2009	4	985,000.00	1,590,275.00	2,575,275.00
2010	5	1,000,000.00	1,556,769.00	2,556,769.00
2011 through 2015	6-10	5,685,000.00	7,168,059.00	12,853,059.00
2016 through 2020	11-15	7,010,000.00	5,782,750.00	12,792,750.00
2021 through 2025	16-20	8,940,000.00	3,808,509.00	12,748,509.00
2026 through 2030	21-25	11,972,928.00	1,284,396.00	13,257,324.00
2031 through 2035	26-30			
2036 through 2040	31-35			
2041 through 2045	36-40			
		$38,342,928.00	$26,162,751.00	$64,505,679.00

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selected by the Research Foundation itself. Although the University does not control the timing or amount of receipts from the Research Foundation, all sponsored research awards are subcontracted to the University and other resources and related income are restricted to benefit the research mission of the University. Consequently, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During fiscal year 2005, the Research Foundation transferred approximately $3.7 million in sponsored research to the University. Complete financial statements for the Research Foundation can be obtained from Georgia Southern University Provost Office, P.O. Box 8022, Statesboro, GA 30461.

Southern Boosters, Inc. (Boosters Foundation) is a legally separate, tax-exempt component unit of Georgia Southern University (University). The Boosters Foundation acts primarily as a fund-raising organization to supplement resources that are available to the University in support of its athletic programs. The fifty-member board of the Boosters Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Boosters Foundation, the majo

Investments for Component Units

Southern Boosters Inc. holds investments valued at $6,155.

Common Stock	$6,155.00
Total Investments	$6,155.00

Long-Term Liabilities for Component Units

Southern Boosters, Inc. has a Note Payable to Sea Island Bank, payable in annual installments of $35,220 including interest at a variable rate (6.25% at June 30, 2005) through September 14, 2013, unsecured. The original note amount was $279,000.00.

Changes in long-term liabilities for Southern Boosters for the fiscal year ended June 30, 2005 are shown below:

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 30, 2005	Amounts due within One Year
Note Payable					
Sea Island Bank, Unsecured	$279,000.00	$0.00	$28,447.00	$250,553.00	$19,947.00
Total Long Term Debt	$279,000.00	$0.00	$28,447.00	$250,553.00	$19,947.00

Debt Service Obligations

		Note Payable		
		Principal	Interest	Total
Year Ending June 30:	Year			
2006	1	$19,947.00	$15,273.00	$35,220.00
2007	2	20,807.00	14,413.00	35,220.00
2008	3	22,107.00	13,113.00	35,220.00
2009	4	23,489.00	11,731.00	35,220.00
2010	5	24,957.00	10,263.00	35,220.00
2011 through 2015	6-10	139,246.00	36,854.00	176,100.00
2016 through 2020	11-15			
2021 through 2025	16-20			
2026 through 2030	21-25			
2031 through 2035	26-30			
2036 through 2040	31-35			
2041 through 2045	36-40			
		$250,553.00	$101,647.00	$352,200.00

Valdosta State University

Valdosta State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Valdosta State University (University). The Foundation is also the sole member of VSU Foundation Real Estate I, LLC, a Georgia limited liability company (subsidiary). The Foun

Long Term Liabilities for Component Units

Valdosta State University Foundation issued Bonds to finance the acquisition of facilities for Valdosta State University. The bonds mature serially and are collateralized by real estate. The

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. In 2004, Armstrong Atlantic State University Foundation changed its fiscal year-end from June 30 to December 31. As a result, the numbers included herein represent those for the six months ended December 31, 2004. December 31, 2005, Armstrong Atlantic State University will issue audited financial statements for the 18 month period ending December 31, 2005.

During the period ending December 31, 2004, the Foundation distributed $385,392.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at Armstrong Atlantic State University.

Investments for Component Units:

Armstrong Atlantic State University Foundation, Inc. holds endowment investments in the amount of $3,287,469. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Armstrong Atlantic State University Foundation, Inc. holds no investments in real property.

Armstrong Atlantic State University Foundation
Investments are comprised of the following amounts at December 31, 2004

	Cost	**Fair Value**
Cash held by investment organization	$0.00	$0.00
Money Market Accounts	149,745.00	149,745.00
Government and Agency Securities	1,765,628.00	1,779,165.00
Corporate Bonds		
Equity Securities	2,037,907.00	2,371,627.00
Mutual Funds	14,371.00	14,371.00
Total Investments	$3,967,651.00	$4,314,908.00

Educational Properties, Inc. (Foundation) is a legally separate, tax-exempt component unit of Armstrong Atlantic State University (University). The Foundation buys buildings and leases them to the university, manages an apartment complex, and operates student housing. The five-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts g ount of42205 Tc 00.0

certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

Education Properties, Inc. (Foundation) holds real estate assets that have been purchased through bonds and bridge financing. The corresponding capital leases and associated long-term debt are included in the University's report. Complete financial statements for the Foundation can be obtained from the Administrative Office at Armstrong Atlantic State University.

Debt Service Obligations

Annual debt service requirements to maturity for Student Housing (EPI Foundation) revenue bonds payable are as follows:

		Bonds Payable		
		Principal	Interest	Total
2005	1	$450,000.00	$580,280.00	$1,030,280.00
2006	2	475,000.00	564,773.00	1,039,773.00
2007	3	495,000.00	548,470.00	1,043,470.00
2008	4	520,000.00	531,435.00	1,051,435.00
2009	5	545,000.00	513,556.00	1,058,556.00
2010 through 2014	6-10	3,165,000.00	2,971,090.00	6,136,090.00
2015 through 2019	11-15	4,030,000.00	984,104.00	5,014,104.00
2020 through 2024	16-20	5,135,000.00	532,026.00	5,667,026.00
2025 through 2029	21-25	2,435,000.00	58,212.00	2,493,212.00
2030 through 2034	26-30			
2035 through 2039	31-35			
2040 through 2044	36-40			
		$17,250,000.00	$7,283,946.00	$24,533,946.00

Augusta State University

Augusta State University Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Augusta State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is the single member owner of

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentati

Other Long Term Debt

On April 23, 2003, the Foundation entered into a construction loan in the amount of $1,250,000 and increased the loan to $1,600,000 on November 10, 2003. The loan was for real estate improvements at the Forest Hills Golf Club for the benefit of the Augusta State University Athletic Association. The note carries a variable interest rate of LIBOR plus 1.20% (4.705% at June 30, 2005). The loan is secured by the Foundation's investment account with Georgia Bank and Trust.

Long-term liability activity for the year ended June 30, 2005 was as follows:

Long Term Liabilities

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 30, 2005	Amounts due within One Year
Series 2004 Bonds payable	$0.00	$19,515,000.00	$0.00	$19,515,000.00	$0.00
Series 2005 Bonds payable		11,145,000.00		11,145,000.00	
Premium on Bonds payable		192,518.00		192,518.00	
Other Long Term Debt	1,493,332.00	15,863.00		1,509,195.00	35,500.00
Total Long Term Debt	$1,493,332.00	$30,868,381.00	$0.00	$32,361,713.00	$35,500.00

Debt Service Obligations:

Annual debt service requirements to maturity for Student Housing Revenue Bonds, Series 2004 (ASU Jaguar Student Housing I,LLC) bonds payable are as follows:

Bonds Payable

		Principal	Interest	Total
2006	1	$0.00	$1,011,020.00	$1,011,020.00
2007	2	85,000.00	1,011,020.00	1,096,020.00
2008	3	85,000.00	1,007,578.00	1,092,578.00
2009	4	90,000.00	1,003,838.00	1,093,838.00
2010	5	155,000.00	999,563.00	1,154,563.00
2011 through 2015	6-10	1,340,000.00	3,849,713.00	5,189,713.00
2016 through 2020	11-15	2,280,000.00	4,447,013.00	6,727,013.00
2021 through 2025	16-20	3,870,000.00	3,704,719.00	7,574,719.00
2026 through 2030	21-25	5,065,000.00	2,543,363.00	7,608,363.00
2031 through 2035	26-30	6,545,000.00	2,065,748.00	8,610,748.00
2036 through 2040	31-35			
2041 through 2045	36-40			
		$19,515,000.00	$21,643,575.00	$41,158,575.00

Year Ending June 30:	Year	Principal	Interest	Total
2006	1	$0.00	$503,864.00	$503,864.00
2007	2	170,000.00	503,864.00	673,864.00
2008	3	170,000.00	497,149.00	667,149.00
2009	4	175,000.00	489,924.00	664,924.00
2010	5	200,000.00	484,236.00	684,236.00
2011 through 2015	6-10	1,350,000.00	2,293,806.00	3,643,806.00
2016 through 2020	11-15	1,710,000.00	1,996,956.00	3,706,956.00
2021 through 2025	16-20			

revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The Association's fiscal year is July 1 through June 30.

Complete financial statements for the Association can be obtained from the Administrative Office at 2500 Walton Way, Augusta, Georgia 30904-2200.

Long Term Liabilities:

Two term notes, bearing no interest, due in monthly payments of $1,035 through 2008, secured by equipment. Note payable to ASU Foundation dated May 24, 2005 in the original amount of $1,544,695 secured by first priority security interest. Note is payable in quarterly installments of interest only through May 2006, then in consecutive quarterly payments equal to $35,500, plus accrued interest at the LIBOR rate plus 1.2% commencing on August 24, 2006 and continuing on the same day each third month thereafter, with the total remaining balance due May 24, 2011.

Clayton State University

Clayton State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Clayton State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The twenty-eight-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $313,674 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the following address: Clayton State University Foundation, Inc., Alumni Affairs Office, Harry Downs Continuing Education Building, 5900 North Lee Street, Morrow, Georgia, 30260.

Investments for Component Units

Clayton State University Foundation holds endowment investments in the amount of $1.92 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at June 30, 2005:

	Cost	Fair Value
Georgia Investment Pools		
BOR Short Term Fund	$155,873.00	$154,898.00
BOR Total Return Fund	1,837,453.00	1,922,355.00
Total Investments	$1,993,326.00	$2,077,253.00

thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2004, the Foundation distributed $450,900 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be requested at the Administrative Office at Clayton State University, 5900 North Lee Street, Morrow, Georgia, 30260.

Investments for Component Units

The Walter & Emilie Spivey Foundation holds investments in the amount of $7.1 million. Investments consist of marketable securities, bonds and real property as follows:

Investments are comprised of the following amounts at December 31, 2004

	Cost	Fair Value

U -0.05988-2.58TdnB.6(n)6000 p availTJ-0P -0001 Tw -23419490 9.5841bonds anoT $7.900

recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The board of the Foundation approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the month ended July 31, 2004.

During the month ended July 31, 2004, the Foundation distributed $78,564 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from Columbus State University Foundation, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Due to the difference in fiscal year ending dates between Columbus State University and the Foundation, the amount due from Columbus State University, $129,569 is not reflected as a payable on the University's Statement of Net Assets. This amount was expensed by the University before its year end, June 30, 2005.

Investments for Component Units:

Columbus State University Foundation, Inc. holds endowment investments in the amount of $10,456,481. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Columbus State University Foundation, Inc., in conjunction with the donors, has established a spending plan whereby 5% of a trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investments. This trailing three-year average shall be set back six months from the time of current-year calculations for the purpose of spending, with the three year average being that of either calendar or fiscal year periods according to the requirements of the budgetary process.

	Cost	Fair Value
Money Market Accounts	$715,000.00	$715,000.00
Government and Agency Securities	4,047,953.00	4,052,038.00
Corporate Bonds	5,253,991.00	5,069,362.00
Equity Securities	9,007,618.00	8,922,311.00
Georgia Investment Pools		

Inc. is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from Foundation Properties, Inc., the majority of resources or income thereon that Foundation Properties, Inc. holds and invests is restricted to the real estate activities of the University by the donors. Because these restricted resources held by Foundation Properties, Inc. can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Foundation Properties, Inc. is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The board of Foundation Properties, Inc. approved a change to its fiscal year to August 1 through July 31. This financial statement represents activity for the month ended July 31, 2004.

During the month ended July 31, 2004, Foundation Properties distributed $8,111 to the University for both restricted and unrestricted purposes. Complete financial statements for Foundation Properties, Inc. can be obtained from Foundation Properties, Inc. at 4225 University Avenue, Columbus, Georgia 31907.

Due to the difference in fiscal year ending dates between Columbus State University and the Foundation Properties, the amount due to Columbus State University, $264,011 is not reflected as a receivable on the University's Statement of Net Assets. This amount was received by the University before its year end, June 30, 2005.

Investments for Component Units:

Foundation Properties, Inc. holds investments in the amount of $5,451,206. Investments consist of marketable securities and bonds as follows:

Investments for Foundation Properties, Inc. were comprised of the following amounts at July 31, 2004:

	Cost	Fair Value
Government and Agency Securities	$254,883.00	$251,719.00
Corporate Bonds	1,993,798.00	2,063,182.00
Equity Securities	3,097,774.00	3,136,305.00
Total Investments	$5,346,455.00	$5,451,206.00

Long-Term Liabilities for Component Units:

Student Housing Bonds are issued by Foundation Properties, Inc. to finance student housing on university property. The bonds, serial and term, are secured by pledges of gross receipts from student housing at Columbus State University.

Investments for Columbus State University Alumni Association were comprised of the following amounts at J(m)28g3(e)y 31, 2004:

	Cost	Fair Value
Equity Securities	$70,019.00	$39,990.00
Total Investments	$70,019.00	$39,990.00

Columbus State University Alumni Association had no long term liabilities at July 31, 2004.

Columbus State University Athletic Fund, Inc. (Athletic Fund) is a legally separate, tax-exempt component unit of Columbus State University (University). The Athletic Fund supports

Fund, Inc., in conjunction with the donors, has established a spending plan whereby 5% of a trailing three-year average of the endowment's total asset value, with the understanding that this spending rate plus inflation will not normally exceed total return from investments. This trailing three-year average shall be set back six months from the time of current-year calculations for the purposes of spending, with the three year average being that of either calendar or fiscal year periods according to the requirements of the budgetary process.

Investments for the Columbus State University Athletic Fund, Inc. were comprised of the following at July 31, 2004:

	Cost	Fair Value

Long Term Liabilities for Component Units:

Student Activities Facilities Bonds are issued by the Georgia College & State University Real Estate Foundation, a component unit of the Georgia College & State University Foundation, to finance a student activities facility at Georgia College & State University. The bonds mature serially and are serviced by a pledge of a portion of student activity fees paid by students each semester at Georgia College & State University.

Lease Revenue Bonds were issued by the Georgia College & State University Foundation Property II, LLC to finance a student center and parking lot at the University. The bonds, serial and term, are secured by a pledge of a portion of rental income to be paid by the Board of Regents of the University of Georgia.

Changes in long-term liabilities for component units for the fiscal year ended June 30, 2005 are shown below:

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 30, 2005	Amounts due within One Year
Student Housing Revenue Bonds	$55,875,000.00	$89,000,000.00	$55,875,000.00	$89,000,000.00	$0.00
Lease Revenue Bonds	7,840,000.00			7,840,000.00	265,000.00
Total Long Term Debt	63,715,000.00	89,000,000.00	55,875,000.00	96,840,000.00	$265,000.00
Issuance Premium - Net	1,624,383.00		1,612,628.00	11,755.00	
Bond Discount - Net		(568,217.00)	19,538.00	(548,679.00)	
	$65,339,383.00	$88,431,783.00	$57,507,166.00	$96,303,076.00	

Annual debt service requirements to maturity for Student Center and Parking Lot Bonds:

		Bonds Payable		
		Principal	Interest	Total
Year Ending June 30:	Year			
2006	1	$265,000.00	$300,421.25	$565,421.25
2007	2	275,000.00	294,456.25	569,456.25
2008	3	275,000.00	287,581.25	562,581.25
2009	4	280,000.00	280,706.25	560,706.25
2010	5	290,000.00	272,306.25	562,306.25
2011 through 2015	6-10	1,610,000.00	1,191,443.75	2,801,443.75
2016 through 2020	11-15	1,935,000.00	870,306.25	2,805,306.25
2021 through 2025	16-20	2,375,000.00	443,243.75	2,818,243.75
2026 through 2030	21-25	535,000.00	24,075.00	559,075.00
2031 through 2035	26-30	0.00	0.00	0.00
		7,840,000.00	3,964,540.00	11,804,540.00
Issuance Premium - Net		11,755.00		11,755.00
		$7,851,755.00	$3,964,540.00	$11,816,295.00

Georgia Southwestern State University

Georgia Southwestern Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of Georgia Southwestern State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The thirty-seven member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $1,649,220 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 1800 South Lee Street, Americus, Georgia 31709.

Investments for Component Units:

Georgia Southwestern Foundation, Inc. holds endowment investments in the amount of $22 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. The Foundation has an established investment policy which is monitored by its Trustees.

Investments are comprised of the following amounts at June 30, 2005:

	Cost	Fair Value
Cash held by investment organization	$1,800,003.00	$1,800,000.00
Money Market Accounts	358,094.57	358,095.00
Equity Securities	7,279,061.95	7,807,213.00
Equity Mutual Funds	6,455,387.18	6,931,691.00
Fixed Income Mutual Funds	5,207,338.30	5,167,944.00
Total Investments	$21,099,885.00	$22,064,943.00

Georgia Southwestern Research and Development Corporation, Inc. is a legally separate, tax-exempt component unit of Georgia Southwestern State University (University). The Research and Development Corporation serves to enhance the research mission of the University by securing sponsored research funding and by providing funding of special research initiatives. All University intellectual property developed [illegible]

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $1,725,376.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 1000 Chastain Rd, Kennesaw, GA 30114.

Investments:

Kennesaw State University Foundation, Inc. holds endowment investments in the amount of $15,281,343. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Kennesaw State University Foundation, Inc., in conjunction with the donors, has established a spending plan whereby 4% of the earnings may be used for academic scholarships. The remaining 96% of the earnings are set aside as a reserve.

Investments:

	Estimated Cost	Fair Value
Money Market Accounts	$2,042,085.24	$2,042,085.24
Government and Agency Securities	2,992,264.37	3,278,397.23
Corporate Bonds	1,023,101.75	1,105,569.50
Equity Securities	5,369,188.36	7,488,060.60
Mutual Funds	1,145,936.97	1,367,230.43
Real Estate	13,800.00	13,800.00
Total Investments	$12,586,376.69	$15,295,143.00

Investment cost is an estimate based on available information.

Long Term Liabilities

Student Housing Revenue Bonds are issued by Kennesaw State University Foundation, Inc. to finance student housing on University property. The bonds mature at term and are secured by pledges of gross receipts from student housing. The interest rate is variable.

Parking Facility Revenue Bonds are issued by the Kennesaw State University Foundation, Inc. to finance parking facilities on University property. The bonds mature at term and are secured by pledges of gross receipts from parking deck rents at Kennesaw State University. The interest rate is variable.

Education Facilities Revenue B

Annual debt service requirements to maturity for Student Housing, Parking, Education and Facilities bonds payable are as follows:

Year Ending June 30:	Year	Principal	Interest	Total
2006	1	$7,504,831.00	$7,264,787.50	$14,769,618.50
2007	2	3,760,000.00	7,222,445.50	10,982,445.50
2008	3	3,885,000.00	7,133,970.00	11,018,970.00
2009	4	4,035,000.00	7,017,028.50	11,052,028.50
2010	5	4,205,000.00	6,888,870.50	11,093,870.50
2011 through 2015	6-10	22,400,000.00	32,521,921.75	54,921,921.75
2016 through 2020	11-15	27,425,000.00	27,902,750.00	55,327,750.00
2021 through 2025	16-20	29,050,000.00	21,358,650.00	50,408,650.00
2026 through 2030	21-25	30,230,000.00	13,618,700.00	43,848,700.00
2031 through 2035	26-30	27,690,000.00	6,738,600.00	34,428,600.00
2036 through 2040	31-35	11,811,448.00	645,832.50	12,457,280.50
2041 through 2045	36-40			
		$171,996,279.00	$138,313,556.25	$310,309,835.25

North Georgia College and State University

North Georgia College & State University Foundation

whereby 50% of the earnings may be used for academic scholarships. The remaining 50% of the earnings are set aside as a reserve.

North Georgia College & State University Foundation also holds investments in real property valued at $1,167,239.

Debt Service Obligations

Annual debt service requirements to maturity for Student Housing (Foundation) revenue bonds payable are as follows:

		Bonds Payable		
		Principal	**Interest**	**Total**
2006	1	$100,000.00	$459,000.00	$559,000.00
2007	2	100,000.00	450,500.00	550,500.00
2008	3	100,000.00	446,250.00	546,250.00
2009	4	100,000.00	442,000.00	542,000.00
2010	5	200,000.00	433,500.00	633,500.00
2011 through 2015	6-10	1,400,000.00	2,010,250.00	3,410,250.00
2016 through 2020	11-15	2,700,000.00	1,538,500.00	4,238,500.00
2021 through 2025	16-20	3,500,000.00	867,000.00	4,367,000.00
2026 through 2030	21-25	2,600,000.00	114,750.00	2,714,750.00
2031 through 2035	26-30			
2036 through 2040	31-35			
2041 through 2045	36-40			
		$10,800,000.00	$6,761,750.00	$17,561,750.00

Southern Polytechnic State University

Southern Polytechnic State University Foundation (Foundation) is a legally separate, tax-exempt component unit of Southern Polytechnic State University (University). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The forty member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $510,561 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Advancement Office, Southern Polytechnic State University, 1100 South Marietta Pkwy., Marietta, GA, 30060-2896.

Investments for Component Units:

Southern Polytechnic State University Foundation holds endowment investments in the amount of $897,000. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Southern Polytechnic State University Foundation, in conjunction with the donors, has established a spending plan whereby 5% of the rolling three year average of market value may be used for academic scholarships or other academic activities as specified by the endowment agreement.

The Southern Polytechnic State University Foundation Endowments are invested in the Board of Regents Total Return Fund. Total investments held by the Foundation held a fair value of $6,418,988.16.

Southern Polytechnic State University
Investments are comprised of the following amounts at June 30, 2005:

	Cost	Fair Value
Cash held by investment organization	$1,230,456.03	$1,230,465.03
BOR Total Return Fund	5,140,021.77	5,188,523.13
Total Investments	$6,370,477.80	$6,418,988.16f.322R6 449.34 1.72 752x0.76 48 a(752x

During the year ended December 31, 2004, the Foundation distributed $1,077,504.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of Development and Alumni Services at 1901 Maple Street Carrollton Georgia 30118.

Investments for Component Units:

University of West Georgia Foundation, Inc. holds endowment investments in the amount of $12,664,768 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. University of West Georgia Foundation, in conjunction with the donors, has established a spending plan whereby up to 5% of the adjusted corpus balance at year end may be used for academic scholarships. The remaining 95% of the earnings are set aside as a reserve.

University of West Georgia Foundation, Inc. also holds investments in real property valued at $17,238,148.

Investments are comprised of the following amounts at December 31, 2004:

Investments are comprised of the following amounts at December 31, 2004:

	Cost	Fair Value
Cash held by investment organization	$375,944.00	$375,944.00
Short Term Investments	18,684,928.00	18,684,928.00
Stocks and options	7,079,417.00	8,721,878.00
Fixed income securities	3,319,006.00	3,308,193.00
Managed Futures	200,000.00	253,644.00
Mutual Funds	5,109.00	5,109.00
Total Investments	$29,664,404.00	$31,349,696.00

Long Term Liabilities for Component Units:

Student Housing Bonds have been issued by the University of West Georgia foundation, Inc. to finance student housing on university property. The bonds are secured by pledges of gross receipts from student housing at the University of West Georgia.

Series 2003 bonds were issued on June 30, 2003 for $13,205,000 to fund the construction of Phase 1. These bonds are variable rate bonds whose rate is the Weekly Swap Index published by the Bond Market Association, adjusted weekly, with a cap of 12.0%. The current rate is 2.09%. The fixed bond rate for the project would have been approximately 6.5%; therefore, the Foundation chose the variable rate bonds in order to take advantage of the low rates available at this time. In addition, the Foundation has the option of doing an “interest rate swap” if the rates increase by swapping all or a part of the debt for fixed rate bonds at a later time.

Series 2004A bonds were issued on October 1, 2004 in the amount of $19,275,000 to fund the construction of Phase II. The bonds bear interest at rates ranging from 3.0% to 5.0%.

Series 2004B bonds were issued on October 1, 2004 in the amount of $180,000 to assist in the construction of Phase II. The bonds bear interest at a rate of 3.4%.

Changes in long-term liabilities for the calendar year ended December 31, 2004 are shown below:

	Beginning Balance January 1, 2004	Additions	Reductions	Ending Balance December 31, 2004	Amounts due within One Year
Mortage Payable (Brookwood)	$0.00	$5,700,000.00	$0.00	$5,700,000.00	$0.00
Series 2003 Bonds	13,205,000.00			13,205,000.00	405,791.00
Bond Premium		363,667.00		363,667.00	0.00
Series 2004A Bonds		19,175,000.00		19,175,000.00	779,631.00
Series 2004B Bonds		180,000.00		180,000.00	5,610.00
Total Long Term Debt	$13,205,000.00	$25,418,667.00	$0.00	$38,623,667.00	$1,191,032.00

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

	Series 2003 Bonds Payable		
	Principal	Interest	Total
Year Ending			
2005	$0	$405,791	$405,791
2006	375,000	401,018	776,018
2007	385,000	389,366	774,366
2008	400,000	377,337	777,337
2009 through 2013	2,185,000	1,692,759	3,877,759
2014 through 2018	2,565,000	1,329,763	3,894,763
2019 through 2023	3,005,000	903,774	3,908,774
2024 through 2028	3,520,000	404,923	3,924,923
2029	770,000	13,860	783,860
	$13,205,000	$5,918,591	$19,123,591

	Series 2004 A & B Bonds Payable		
	Principal	Interest	Total
Year Ending			
2005	$0	$785,241	$785,241
2006		856,626	856,626
2007	455,000	856,626	1,311,626
2008	485,000	842,256	1,327,256
2009	535,000	827,706	1,362,706
2010 through 2014	3,180,000	3,822,730	7,002,730
2015 through 2019	3,820,000	3,178,806	6,998,806
2020 through 2024	4,790,000	2,208,375	6,998,375
2025 through 2029	6,090,000	900,883	6,990,883
	$19,355,000	$14,279,249	$33,634,249

UWG Real Estate Foundation (Foundation) is a legally separate, tax-exempt component unit of the University of West Georgia (University). The Foundation constructs research and auxiliary buildings and facilities for use by the University and then leases the completed buildings to the University. The nine-member board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Alt amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to real estate activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements. The Foundation is the sole member of UWG Campus Center, LLC, a Georgia limited liability company, who holds title to all assets and associated conduit debt described herein in connection with the Campus Center construction project.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting

Long Term Liabilities for Component Units:

Resident Instruction Bonds have been issued by the UWG Real Estate Foundation, Inc. to finance the Student Center facilities at the University of West Georgia. The bonds mature serially and are serviced by a pledge of a student fee and appropriations formerly used for square footage support. The interest rate can fluctuate between 3 and 5% over the term of the bonds.

Changes in long-term liabilities for the fiscal year ended June 30, 2005 are shown below:

	Beginning Balance July 1, 2004	Additions	Reductions	Ending Balance June 30, 2005	Amounts due within One Year
Revenue Bonds Payable					
Real Estate Foundation					

Year Ending June 30:	Premium	Total
2006	$7,476.00	$7,476.00
2007	7,476.00	7,476.00
2008	7,476.00	7,476.00
2009	7,476.00	7,476.00
2010 through 2014	37,380.00	37,380.00
2015 through 2019	37,380.00	37,380.00
2020 through 2024	37,380.00	37,380.00
2025 through 2029	37,380.00	37,380.00
2030 through 2035	38,428.00	38,428.00
	$217,852.00	$217,852.00

Investments for Component Units:

The Dalton State College Foundation holds endowment investments in the amount of $8.9 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

	Cost	Fair Value
Cash held by investment organization	$0.00	$0.00
Money Market Accounts	33,590.70	33,590.70
Government and Agency Securities	701,299.02	684,570.09
Corporate Bonds	303,377.14	302,056.68
Equity Securities	875,381.27	1,006,464.10
Mutual Funds	898,470.77	978,224.72
Georgia Investment Pools		
BOR Total Return Fund	6,569,099.97	5,934,766.99
Total Investments	$9,381,218.87	$8,939,673.28

Debt Service Obligations

Annual debt service requirements to maturity for Student Housing revenue bonds payable are as follows:

		Bonds Payable		
		Principal	Interest	Total
2006	1	$685,000.00	$1,306,344.00	$1,991,344.00
2007	2	725,000.00	1,289,394.00	2,014,394.00
2008	3	785,000.00	1,270,519.00	2,055,519.00
2009	4	870,000.00	1,249,831.00	2,119,831.00
2010	5	900,000.00	1,226,581.00	2,126,581.00
2011 through 2015	6-10	4,945,000.00	5,677,703.00	10,622,703.00
2016 through 2020	11-15	5,860,000.00	4,709,394.00	10,569,394.00
2021 through 2025	16-20	7,415,000.00	3,098,812.00	10,513,812.00
2026 through 2030	21-25	9,430,000.00	1,064,744.00	10,494,744.00
		$31,615,000.00	$20,893,322.00	$52,508,322.00

The bonds were issued at a premium of $1,049,632 which is re 7ei

Investments for Component Units:

Bainbridge College Foundation holds endowment investments in the amount of $10,000. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Bainbridge College Foundation, in conjunction with the donors, has established a spending plan whereby 100% of the earnings may be used for academic scholarships.

Investments are comprised of the following amounts at June 30, 2005:

	Cost	Fair Value
Money Market Accounts	$10,000.00	

Coastal Georgia Community College Foundation
Investments are comprised of the following amounts at June 30, 2005:

	Cost	**Fair Value**
Cash held by investment organization	$652,948.00	$645,575.46
Government and Agency Securities	398,264.27	395,680.00
Corporate Bonds	700,000.00	698,900.00
Equity Securities	8,909.38	13,050.00
Mutual Funds	607,719.36	621,800.41
Georgia Investment Pools		
BOR Short Term Fund	70,516.19	69,453.92
BOR Total Return Fund	3,316,616.82	3,321,222.30
Total Investments	$5,754,974.02	$5,765,682.09

East Georgia College

East Georgia College Foundation (Foundation) is a legally separate, tax-exempt component unit of East Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirty-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $25,116.00 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Office of the Vice President for Fiscal Affairs at 131 College Circle, Swainsboro, GA 30401.

Investments for Component Units

East Georgia College Foundation holds endowment investments in the amount of $654,182.00. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. East Georgia College Foundation, in conjunction with the donors, has established a spending plan whereby up to 100% of the earnings may be used for academic scholarships. Any remaining earnings are set aside as a reserve.

Investments are comprised of the following amounts at June 30, 2005

	Fair Value
Cash held by investment organization	$25.60
Money Market Accounts	4,094.56
Equity Securities	37,626.64
Georgia Investment Pools	
BOR Balanced Income Fund	42,129.09
BOR Total Return Fund	570,306.11
Total Investments	$654,182.00

Floyd College

Floyd College Foundation (Foundation) is a legally separate, tax-exempt component unit of Floyd College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. The Cartersville/Bartow Foundation, Inc. combined with the Floyd College Foundation, Inc., in May 2005. In future statements, this combined entity will be known as Georgia Highlands Foundation.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30. (If Foundation has other fiscal year, please correct note).

During the year ended June 30, 2005, the Foundation distributed $141,958.00 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at 3175 Cedartown Highway, Rome, GA 30161.

Investments for Component Units:

Floyd College Foundation holds endowment investments in the amount of $580,875. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

Investments are comprised of the following amounts at June 30, 2005:

	Cost	Fair Value
Equity Securities	$547,718.00	$547,718.00
Mu13(e)ap /0lneunds	33,157.00	33,157.00

Gainesville College

Gordon College

Gordon College Foundation (Foundation) is a legally separate, tax-exempt component unit of Gordon College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The forty four-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is January 1 through December 31.

During the year ended December 31, 2004, the Foundation distributed $109,173 in scholarships to qualifying students of the College. Complete financial statements for the Foundation can be obtained from the Administrative Office at 419 College Drive, Barnesville, GA 30204.

Investments for Component Units:

The Gordon College Foundation adopted SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

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Middle Georgia College

Middle Georgia College Foundation (Foundation) is a legally separate, tax-exempt component unit of Middle Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The fifty-six member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $96,238 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Foundation at 1100 Second St., SE, Cochran, GA 31014.

Investments for Component Units:

Middle Georgia College Foundation holds endowment investments in the amount of $639,374. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors. Middle Georgia College Foundation, in conjunction with the donors, has established a spending plan whereby 100% of the earnings is available for current and future expenditures, except where restricted by the donor.

Middle Georgia College Foundation, Inc.
Investments are comprised of the following amounts at June 30, 2005:

	Cost	Fair Value
Cash held by investment organization		
Money Market Accounts	$34,572.00	$34,572.00
Government and Agency Securities	74,948.00	74,685.00
Corporate Bonds	71,478.00	71,882.00
Equity Securities	322,808.00	345,223.00
Mutual Funds	115,494.00	113,012.00
Total Investments	$619,300.00	$639,374.00

South Georgia College

South Georgia College Foundation (Foundation) is a legally separate, tax-exempt component unit of South Georgia College (College). The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The thirty-member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to the GASB presentation for external financial reporting purposes in these financial statements. The foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2005, the Foundation distributed $186,115.77 to the College for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Vice President for Business Affairs at 100 West College Park Drive, Douglas, GA 31533.

Investments for Component Units:

South Georgia College Foundation holds endowment investments in the amount of $2.5 million. The corpus of the endowment is nonexpendable, but the earnings on the investment may be expended as restricted by the donors.

South Georgia College Foundation also holds investments in real property valued at $13,500.