

THE UNIVERSITY SYSTEM OF GEORGIA FOUNDATION, INC.

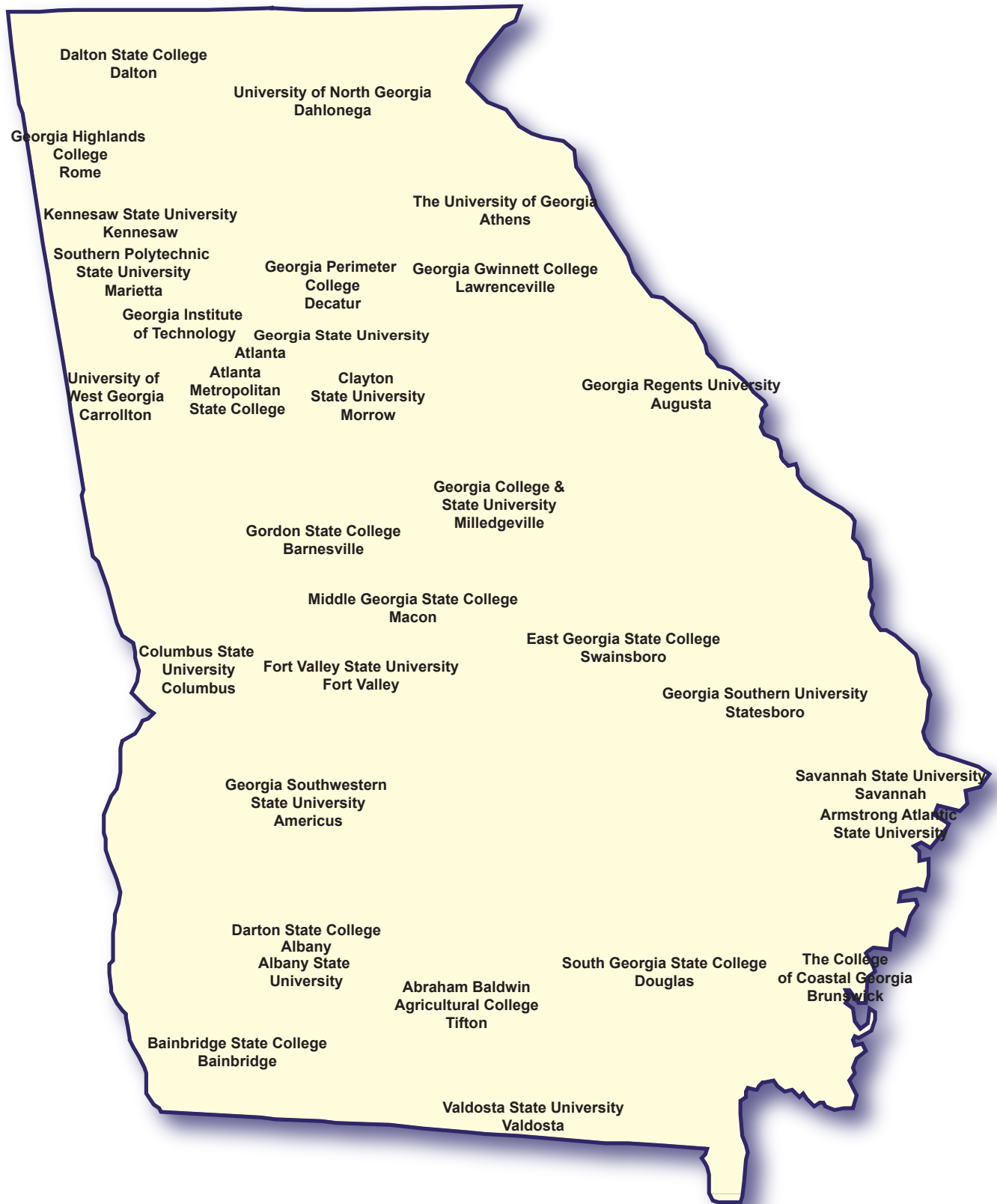


ANNUAL REPORT FY 2014



It is the vision of the USG Foundation that every Georgia student who qualifies for college entrance be afforded the opportunity to attend college.

The University System of Georgia





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A Message from the Chairman

Dear friends of the USG Foundation,

No one should be denied a college education because they cannot afford to attend. That is why the University System of Georgia Foundation Board of Trustees has set raising funds for need-based scholarships as our number one priority so that every student in our state, who is qualified to attend a USG college or university, will not be prevented from attending due to financial hardship.

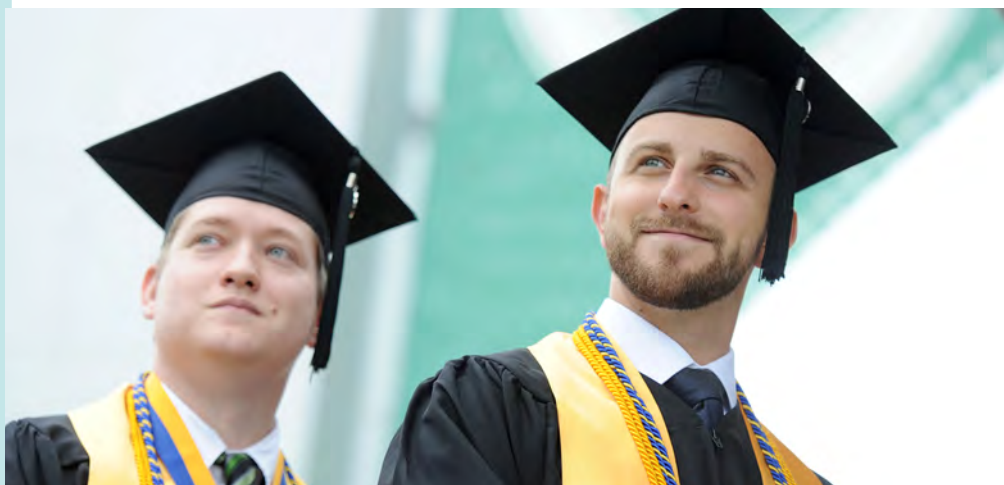
This annual report provides a detailed look at the financial status of the USG Foundation and the services provided to support the important work of the University System. In keeping with the USG Foundation's focus on providing need-based scholarships, this report also sets out the 2014 scholarship awards and recognizes our loyal and generous supporters in the corporate and philanthropic communities.

In addition, the report also recognizes faculty members, alumni, and Governor Nathan Deal, a lifetime servant of Georgia higher education who brought excellence to Georgia higher education in the 2013-2014 academic year. These outstanding men and women were honored at the Regents' Salute to Education on March 22, 2014 at the World of Coca-Cola. This annual event remains the primary fund-raiser for the Foundation and the one time each year when corporate, academic and community leaders come together to celebrate higher education in Georgia.

The USG Foundation accomplished a great deal in fiscal year 2014 with the support of so many, and we look forward to continuing our commitment to support the students, faculty and staff of the University System of Georgia. With this in mind, I am pleased to share with you the progress and accomplishments of 2013-2014.

Sincerely,

Neil L. Pruitt, Jr.
2014 Chairman, Board of Trustees



Our Mission

The mission of the USGF, a cooperative organization of the Board of Regents, is to support and advance the work of the University System of Georgia consistent with the University System's Strategic Plan.



The University System of Georgia Foundation

The University System of Georgia Foundation Board of Trustees is committed to supporting and advancing the work of the University System of Georgia by maintaining a solid framework of fundraising, relationship building, and financial management. This is accomplished through:

- Seeking corporate partners to provide need-based scholarships for students on multiple campuses,
- Hosting an annual event to raise funds, recognize outstanding faculty and alumni, and provide networking opportunities for college presidents, regents, trustees, and higher education, corporate and political leaders,
- Establishing and managing the USG Real Estate Foundation to facilitate financing of capital improvement projects at USG institutions, and
- Managing the finances of USG program funds, agency funds and private grant awards held in the Foundation.

USGF Strategic Plan Goals

Goal 1.

Assist the Board of Regents and the Chancellor in expanding a system wide program for needs-based scholarships.

Goal 2.

In cooperation with the Board of Regents and the Chancellor, provide resources to create a “USG Philanthropy Institute” to lead and coordinate institutional cooperation, mentoring, workshops and training to create an exceptional development leadership system-wide so that USG institutions exceed their peer institutions in fundraising over the next 5 to 10 years.

Goal 3.

Promote relationship building and collaboration between USG institutions and financial supporters.

USGF CORE PRINCIPLE

The University System of Georgia Foundation's Strategic Plan will be accomplished by demonstrating a high level of fiduciary responsibility and maximizing fund growth at an acceptable level of risk. The USGF will maintain investment policies in line with those of the USG, including appropriate review of investment and investment managers.

Providing Fiscal Management Services

PRIVATE GRANTS

The USG Foundation provides fiscal management for private grants administered by the USG Central Office in partnership with USG institutions and USG Educational Agency partners. During FY 2014, these grants included:

Credit When Credit is Due

Funder: The Lumina Foundation

Administered by the USG Office of Educational Access and Success to increase degree attainment in Georgia through policy changes and technical support to award reverse transfer Associate degrees.

Hispanic/Latino College Completion

Funder: The Goizueta Foundation

Administered by USG Academic Affairs to improve access and success in higher education for Latinos/as in Georgia.

Multi-State New Models Engagement: Building Momentum

Funder: The Bill and Melinda Gates Foundation

Administered by the USG Office of Educational Access and Success, the project convened senior academic leaders from ten state systems to establish relationships that would enable increased collaborative understanding of, and approaches to, rapidly emerging opportunities e.g. Massive Open Online Courses (MOOCs) and shared problem-solving and co-development of responses and policy.

Network to Transform Educator Preparation

Funder: The Bill and Melinda Gates Foundation

Administered by Council of Chief State School Officers in collaboration with the Georgia Department of Education, the Georgia Professional Standards Commission and the University System of Georgia to provide on-going support and continued coordination to advance the state's educator preparation transformation agenda.

Walk Georgia and Georgia Shape

Funder: The Coca-Cola Company

Administered by the Department of Health and the University of Georgia this grant uses a two-pronged approach to address childhood obesity and encourage healthy lifestyles through preventive care, disease care, and early intervention.

UNIVERSITY SYSTEM ACCOUNT MANAGEMENT

The USG Foundation provides fiscal management for USG Central Office and USG Educational Agency partners. During FY 2014 these accounts included:

The Executive Leadership Institution

Private funds contributed to support the system-wide program.

The Governor's REACH Program

Private funds held by USGF on behalf of Georgia Student Finance Commission to ensure that Georgia's academically promising students have the support needed to graduate from high school, access college and achieve postsecondary success.

Georgia Public Library System and Library Services

Private funding received to support the Georgia Public Library and Library Services.

The Office of the Chancellor

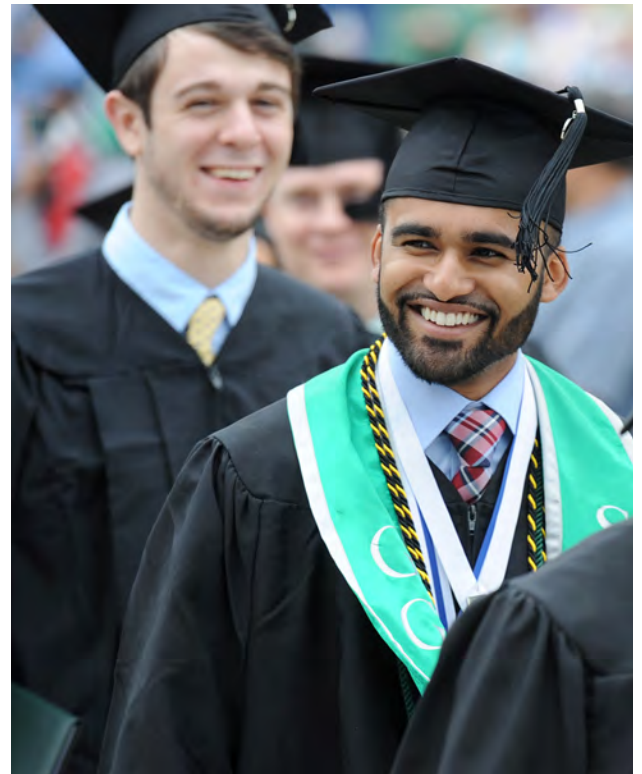
Private funds designated for the Chancellor and designated USG staff to advance the work of the University System.

The Office of Information and Technology

Revenue and expenses generated by USG Annual Computing Conference at Rock Eagle and Georgia Summit Conference.

The Regents' Per Diem

Regent contributions to cover expenses incurred through their work on behalf of the University System and to provide support for University System programs.



Audited Financials

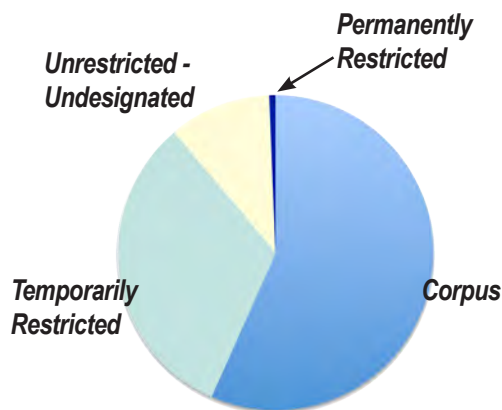
FY 2014

The USG Foundation Funds and Net Assets
excluding the Real Estate Foundation LLCs

ASSETS AND LIABILITIES		
Total Assets		\$9,076,519
	Liabilities	\$1,408,194
	Total Net Assets	\$7,668,325
Total Liabilities and Net Assets		\$9,076,519

TOTAL NET ASSETS		
Detail of Net Assets		
	Unrestricted - Undesignated	\$1,111,955
	Unrestricted - Board Designated (Corpus)	4,892,304
	Temporarily Restricted	\$1,570,275
	Permanently Restricted	\$93,971
Total		\$7,668,325

Net Assets



The USGF Real Estate Foundation

On October 15, 2008, the University System of Georgia Foundation, Inc. formed the USG Real Estate Foundation, LLC with the USG Foundation as the sole member. The USG Real Estate Foundation, LLC was formed for the purpose of constructing projects and renting the projects to colleges and universities within the University System of Georgia on real estate owned by the Board of Regents of the University System of Georgia. Subsequently, USG Real Estate Foundation II, LLC and Real Estate Foundation III, LLC were formed for the same purpose.

The University System of Georgia Foundation, Inc.; the USG Real Estate Foundation I, LLC; the USG Real Estate Foundation II, LLC; and the Real estate Foundation III, LLC collectively comprise the University System of Georgia Foundation, Inc. and Affiliates.

The University System of Georgia Foundation, Inc. was established as a nonprofit corporation under the applicable provisions of the Georgia Nonprofit Corporation Code. The corporation is a voluntary association of individuals and organizations organized exclusively for charitable purposes within the meaning of section 501(c)(3) of the Internal Revenue Code. The corporation was organized as a cooperative organization of the Board of Regents.

**USG Foundation Statement of Financial Position
including Real Estate Foundation LLCs**

ASSETS

Cash and Cash Equivalents	\$ 2,173,305
Agency Fund Assets	846,320
Pledges and Grants Receivable	165,995
Accrued Interest Receivable	1,286,272
Accounts Receivable - other	23,933
Prepaid Expenses	17,317
Investments	5,849,649
Net Investments in Direct Financing Leases	266,993,244
Debt Issuance Costs, Net	3,925,439
Assets Limited as to Use	14,087,290
Total Assets	\$295,368,764

LIABILITIES AND NET ASSETS

Accounts Payable	\$ 407,959
Scholarships Payable	163,500
Agency Funds Payable	846,320
Bonds Payable, Net	278,637,073
Accrued Interest Payable	571,968
Total Liabilities	\$ 280,626,820
Total Net Assets	\$14,741,944

Total Liabilities and Net Assets	\$ 295,368,764
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**USG Foundation Statement of Activities
including the Real Estate Foundation LLCs**

REVENUES AND OTHER SUPPORT

Regents' Event and Other Contributions	\$ 1,097,806
Private Grants and Contracts	1,372,697
Donated Services and Materials	11,846
Registration Fees	45,192
Management Fee Income	64,123
Investment Income	95,852
Net Realized and Unrealized Gain on Investments	718,496
Rental Income	16,054,594
Other Income	-
Total Revenue and Other support	\$20,613,133

EXPENSES

Scholarships and Awards	\$ 712,193
R & D Programmatic Grants	865,716
USO & BOR Support	4683,999
GHEFA Support	15,343,241
General & Administrative	317,151
Fundraising	133,700
Total Expenses	\$18,056,000

Change in Net Assets	\$2,557,133
NET ASSETS, BEGINNING	\$12,184,811
NET ASSETS, ENDING	\$14,741,944

**FY 2014 REAL ESTATE
LLCS HELD WITHIN THE
USG FOUNDATION**

Bainbridge State College

College of Coastal Georgia

Columbus State University

Dalton State College

Darton State College

East Georgia State College

Fort Valley State University

Georgia College & State University

Georgia State University

Savannah State University

Southern Polytechnic State University

University of North Georgia

University of West Georgia

**FY 2014 AWARDS AND
SYSTEM SUPPORT**

SCHOLARSHIP AWARDS

Total Need-Based Scholarships
\$672,650 - Details on page 8

FACULTY AWARDS

The Felton Jenkins, Jr. Faculty Awards
\$25,000

SYSTEM SUPPORT

USG Chief Advancement Officer
Professional Development
\$30,000

The financial figures presented here are taken from an audited financial statement with an unqualified opinion.

FY 2014 SCHOLARSHIP AWARDS

In 2014, the University System Board of Trustees adopted a new Strategic Plan. This new plan places a major focus and a renewed commitment on raising funds for need-based scholarships for students to attend all USG colleges and universities.



Scholarships Awarded in FY 2014*			
Scholarship	Designated Recipients	With Appreciation to	Amount
Early College Scholarship	Former Macon Bibb Early College students attending a USG institution	Anonymous Donor	\$24,500
Early College Scholarship	2014 Georgia Early College graduates.	The USG Foundation	\$6,000
Eleanor Boykin Scholarship	Student attending Abraham Baldwin Agricultural College	Erroll and Elaine Davis	\$1,650
Elridge McMillan Lifetime Achievement Award	Student(s) attending Atlanta Metropolitan State College	The USG Foundation Board of Trustees	\$7,500
Designated Awards	Specified recipients	Anonymous Donors	\$3,000
FY 2014 USGF Need-Based Scholarships	All USG institutions as listed on page 9	Corporate & Individual Contributing Partners & the USG Foundation Board of Trustees	\$630,000
Total Scholarship Awards			\$672,650

* All scholarship funds are awarded to a USG institution as designated by the donor or determined by the USG Foundation Board of Trustees.

2014 USGF Need-Based Scholarships & Contributing Corporate Partners

Abraham Baldwin Agricultural College \$15,000
Georgia Power

Albany State University \$15,000
Aflac

Armstrong Atlantic State University \$15,000
Lord Aeck & Sargent

Atlanta Metropolitan State College \$15,000
United Way of Greater Atlanta

Bainbridge State College \$15,000
Regent Doreen and Mr. Alec Poitevint

Clayton State University \$15,000
Hawkins Parnell

Columbus State University \$15,000
W.C. Bradley

Dalton State College \$15,000
Georgia Health Care Association

Darton State College \$15,000
Balfour Beatty

East Georgia State College \$15,000
The University Financing Foundation (TUFF)

Fort Valley State University \$15,000
Parrish Construction Group

Georgia College & State University \$15,000
Troutman Sanders LLP

Georgia Gwinnett College \$15,000
SunTrust Bank
Richard L. Tucker

Georgia Highlands College \$15,000
The Coca-Cola Company

Georgia Perimeter College \$30,000
Arnall Golden Gregory
Georgia Crown Distributing Company

Georgia Regents University \$30,000
Georgia Crown Distributing Company
PruittHealth

Georgia Southern University \$30,000
Jordan & Skala Engineers
Total System Services

Georgia Southwestern State University \$15,000
Synovus

Georgia State University \$15,000
PruittHealth
Regent and Mrs. James M. Hull and Family

Gordon State College \$15,000
Georgia Crown Distributing Company

Kennesaw State University \$30,000
Georgia Crown Distributing Company
UPS

Middle Georgia State College \$30,000
Brasfield & Gorrie
Regent and Mrs. James M. Hull and Family

Savannah State University \$15,000
Brasseler USA Dental, LLC, Regent Don and
Cindy Waters

South Georgia State College \$30,000
Hendessi & Associates
Juneau Construction Company

Southern Polytechnic State University \$15,000
Niles Bolton Associates

The College of Coastal Georgia \$15,000
Ajax Building Company

The Georgia Institute of Technology \$15,000
Regent Dean and Debbie Alford

The University of Georgia \$30,000
The Coca-Cola Company
Wells Fargo

The University of North Georgia \$15,000
The Wilheit Family Foundation

The University of West Georgia \$30,000
SunTrust Bank
TIAA-CREF

Valdosta State University \$30,000
Regent and Mrs. Rusty Griffin
Wells Fargo



2014 Regents' Salute to Education Celebrating 10 Years of Educational Excellence

The University System of Georgia Foundation, Inc. established the Regents' Awards for Excellence in Education in 2005 to recognize the contributions and achievements of its students, faculty, and alumni. Celebrating ten years of Educational Excellence in 2014, proceeds from the event were used to provide need-based scholarships for students attending all 31 USG colleges and universities.

Congratulations to the 2014 Recipients of the Regents' Hall of Fame Awards, which were presented at the Regents' Celebration of Educational Excellence on March 22, 2014 at the World of Coca-Cola.



Elridge McMillan Lifetime Achievement Award
Presented to Governor Nathan Deal, accompanied by First Lady Sandra Deal



The Regents' Hall of Fame Alumni Award
Presented by USGF Chairman Neil L. Pruitt, Jr. (left) and Presenting Sponsor Donald M. Leebern III (right) to A. D. "Pete" Correll, Jr., Jerry B. Newman and Jerry S. Wilson.



The Felton Jenkins, Jr. Hall of Fame Faculty Award
Presented by USGF Chairman Neil L. Pruitt, Jr. (left) and Presenting Sponsor Donald M. Leebern III (right) to Kelly Comfort, Delena Gatch, Richard Pennington and Kimberly Pruitt. Not present: Misty Loughry



With appreciation to our contributors

July 1, 2013 - June 30, 2014

\$50,000 and above

Georgia Crown Distributing Company

\$25,000 - \$49,999

The Coca-Cola Company
Elaine and Erroll Davis, Jr.
Regent and Mrs. James Hull & Family
PruittHealth
Monica Smith
SunTrust Bank
Wells Fargo

\$10,000 - \$24,999

Aflac
Ajax Building Corporation
Regent Dean and Debbie Alford
Balfour Beatty Construction
Brasseler USA Dental, Regent Don
and Cindy Waters
Georgia Health Care Association
Georgia Power Company
Hawkins Parnell
Hendessi & Associates
Jordan & Skala Engineers
Juneau Construction Company
Lord Aeck Sargent
Niles Bolton Associates
Parrish Construction
Alec and Doreen Poitevint
Synovus
TIAA-CREF
Total System Services, Inc.
Troutman Sanders
The University Financing Foundation
UPS
The United Way of Greater Atlanta
W.C. Bradley Company
The Wilheit Family Foundation

\$8,500 - \$9,999

Arnall Golden Gregory, LLC
Brasfield & Gorrie, LLC
Regent and Mrs. Griffin
Richard L. Tucker

\$5,000 - \$8,499

Julie E. Hunt
McKenna, Long and Aldridge
NeSmith Management, LLC
Betsy and Ben Tarbuton III
James D. and Ruth Yancey

\$1000 - \$4,999

Ken Barras
Barbara Brown
Ken and Carolynne Bernard
Regent Larry Ellis
Dr. and Mrs. C. Thomas Hopkins
Hank and Amy Huckaby
Joyce Jones
Kaiser Permanente
Mark Lytle
Mauldin & Jenkins
Elridge W. McMillian
Cecil Phillips
Regent and Mrs. Neil L. Pruitt, Jr.
Regent Kessel Stelling, Jr.
Regent Larry Walker
Steve and Lynne Wrigley

\$500 - \$999

Curt and Eileen Carver Jr.
Tom and Lynn Daniel
John and Sherie Fuchko, III
Sandra Neuse
Kim and Burns Newsome
David Snow
Candace Sommer
Sabrina Thompson

Other Donations and Gifts

The Atlanta Falcons
Georgia Crown Distributing
Company
Steve Penley
Mary Hart Wilheit

Gifts in Memory of Betty Wrigley

Dr. Virginia Carson
Regent James M. Hull
The USGF Board of Trustees



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