

**KENNESAW STATE UNIVERSITY
FOUNDATION, INC.**

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2026 and 2025

And Report of Independent Auditor

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR..... 1-2

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statements of Financial Position 3

Consolidated Statements of Activities..... 4-5

Consolidated Statements of Functional Expenses 6-7

Consolidated Statements of Cash Flows 8-9

Notes to the Consolidated Financial Statements..... 10-33

Report of Independent Auditor

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

Opinion

We have audited the accompanying consolidated financial statements of Kennesaw State University Foundation, Inc. (a nonprofit organization) and affiliates (collectively, the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2026 and 2025, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Cherry Bekaert LLP

Atlanta, Georgia
September 8, 2026

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Cash and cash equivalents	\$ 10,943,771	\$ 17,346,460
Unconditional promises to give, net	31,141,062	23,936,877
Rents receivable, net	184,719	69,782
Accounts receivable	443,492	45,837
Accounts receivable - related parties	701,394	319,967
Prepaid expenses and other assets	128,237	79,682
Investments	211,577,375	183,845,444
Net investment in direct financing leases	191,813,472	191,742,672
Operating leases right-of-use asset, net	3,489,356	3,734,737
Donated assets	1,361,481	1,298,388
Property and equipment, net	202,732,755	169,244,893
Assets limited as to use	104,011,957	105,964,024
Total Assets	\$ 758,529,071	\$ 697,628,763
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 817,763	\$ 568,676
Accounts payable - related party	1,973,540	4,250,480
Accrued expenses	3,161,901	3,093,439
Accrued interest	4,855,508	6,366,290
Operating leases liability	3,575,000	3,823,371
Line of credit	5,103,619	-
Bonds payable, net	453,879,150	431,748,688
Unearned leasing income	12,845,216	12,861,563
Total Liabilities	486,211,697	462,712,507
Net Assets:		
Without Donor Restrictions:		
Undesignated	43,157,515	31,920,375
Designated by the Board for housing reserves	583,313	1,130,084
Designated by the Board for scholarships	430,033	436,641
Designated by the Board for campus services	1,084,836	858,674
Designated by the Board for endowment	3,927,872	1,746,061
Designated by the Board for gift matching	296,527	875,213
Total Net Assets Without Donor Restrictions	49,480,096	36,967,048
With Donor Restrictions:		
Purpose and time restrictions	113,987,020	94,254,654
Perpetual in nature	108,850,258	103,694,554
Total Net Assets With Donor Restrictions	222,837,278	197,949,208
Total Net Assets	272,317,374	234,916,256
Total Liabilities and Net Assets	\$ 758,529,071	\$ 697,628,763

The accompanying notes to the consolidated financial statements are an integral part of these statements.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions and special events	\$ 272,430	\$ 25,209,372	\$ 25,481,802
Contributed nonfinancial assets	2,014,998	-	2,014,998
Net investment return	8,920,447	17,990,435	26,910,882
Management fee income	236,853	-	236,853
Leasing income	52,019,764	-	52,019,764
Total Revenue	63,464,492	43,199,807	106,664,299
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	18,025,094	(18,025,094)	-
Total Revenue and Other Support	81,489,586	25,174,713	106,664,299
Expenses:			
Program Services:			
Scholarships and awards	6,465,629	-	6,465,629
Academic programs and dean support	5,111,144	-	5,111,144
Other University support	2,851,023	-	2,851,023
Special events and programs	4,775,581	-	4,775,581
Campus facilities	43,446,544	-	43,446,544
Total Program Services	62,649,921	-	62,649,921
Supporting Services:			
Management and general	2,426,030	-	2,426,030
Fundraising	518,583	-	518,583
Total Supporting Services	2,944,613	-	2,944,613
Total Expenses	65,594,534	-	65,594,534
Change in net assets from operations	15,895,052	25,174,713	41,069,765
Nonoperating Items:			
Gain on bond defeasance	1,765,119	-	1,765,119
Assets transferred to Kennesaw State University	(5,433,766)	-	(5,433,766)
Change in net assets	12,226,405	25,174,713	37,401,118
Net assets, beginning of year	36,967,048	197,949,208	234,916,256
Change in donor intent	286,643	(286,643)	-
Net assets, end of year	\$ 49,480,096	\$ 222,837,278	\$ 272,317,374

The accompanying notes to the consolidated financial statements are an integral part of these statements.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions and special events	\$ 200,025	\$ 41,525,411	\$ 41,725,436
Contributed nonfinancial assets	1,940,696	-	1,940,696
Net investment return	6,276,379	11,653,631	17,930,010
Management fee income	229,144	-	229,144
Leasing income	41,735,644	-	41,735,644
Total Revenue	50,381,888	53,179,042	103,560,930
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	13,640,214	(13,640,214)	-
Total Revenue and Other Support	64,022,102	39,538,828	103,560,930
Expenses:			
Program Services:			
Scholarships and awards	5,539,026	-	5,539,026
Academic programs and dean support	4,957,449	-	4,957,449
Other University support	4,554,969	-	4,554,969
Special events and programs	3,369,601	-	3,369,601
Campus facilities	35,157,649	-	35,157,649
Total Program Services	53,578,694	-	53,578,694
Supporting Services:			
Management and general	2,268,565	-	2,268,565
Fundraising	388,489	-	388,489
Total Supporting Services	2,657,054	-	2,657,054
Total Expenses	56,235,748	-	56,235,748
Change in net assets from operations	7,786,354	39,538,828	47,325,182
Nonoperating Items:			
Assets transferred to Kennesaw State University	(1,377,407)	-	(1,377,407)
Change in net assets	6,408,947	39,538,828	45,947,775
Net assets, beginning of year	30,565,182	158,403,299	188,968,481
Change in donor intent	(7,081)	7,081	-
Net assets, end of year	\$ 36,967,048	\$ 197,949,208	\$ 234,916,256

The accompanying notes to the consolidated financial statements are an integral part of these statements.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2026

	Program Services					Total Program Expenses	Supporting Services		Total Expenses
	Scholarships and Awards	Academic Programs and Dean Support	Other University Support	Special Events and Programs	Campus Facilities		Management and General	Fundraising	
Expenses:									
Grants and other assistance to organizations	\$ 6,465,629	\$ 1,785,992	\$ 928,513	\$ 4,032,645	\$ -	\$ 13,212,779	\$ 696	\$ 26,934	\$ 13,240,409
Other salaries and wages	-	-	41,597	-	3,556,766	3,598,363	1,793,869	-	5,392,232
Accounting and professional fees	-	454,735	323,009	10,139	-	787,883	155,550	13,092	956,525
Advertising and promotion	-	7,089	3,884	6,500	-	17,473	-	5,906	23,379
Office	-	640,254	329,331	62,088	-	1,031,673	25,504	142,952	1,200,129
Information technology	-	286,160	55,939	19,107	-	361,206	72,784	117,998	551,988
Occupancy - building and space rental	-	346,954	348,619	241,371	-	936,944	231,704	20,707	1,189,355
Travel	-	594,112	50,238	52,053	-	696,403	2,561	29,088	728,052
Conferences, conventions, and meetings	-	761,081	385,074	290,116	-	1,436,271	35,731	43,971	1,515,973
Interest	-	-	-	-	17,380,355	17,380,355	-	-	17,380,355
Depreciation	-	-	-	-	9,757,519	9,757,519	-	-	9,757,519
Other professional and administrative fees	-	9,735	71	-	-	9,806	89,984	4,813	104,603
Utilities	-	-	-	-	3,295,810	3,295,810	-	-	3,295,810
Rental operations	-	-	-	-	9,456,094	9,456,094	-	-	9,456,094
Promotion and development	-	209,844	286,107	58,531	-	554,482	10,396	89,520	654,398
Dues and professional memberships	-	15,188	98,641	3,031	-	116,860	7,251	23,602	147,713
Total Expenses	\$ 6,465,629	\$ 5,111,144	\$ 2,851,023	\$ 4,775,581	\$ 43,446,544	\$ 62,649,921	\$ 2,426,030	\$ 518,583	\$ 65,594,534

The accompanying notes to the consolidated financial statements are an integral part of these statements.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025

	Program Services					Total Program Expenses	Supporting Services		Total Expenses
	Scholarships and Awards	Academic Programs and Dean Support	Other University Support	Special Events and Programs	Campus Facilities		Management and General	Fundraising	
Expenses:									
Grants and other assistance to organizations	\$ 5,539,026	\$ 2,526,837	\$ 3,094,187	\$ 2,807,440	\$ -	\$ 13,967,490	\$ 1,124	\$ 45,327	\$ 14,013,941
Other salaries and wages	-	-	-	-	3,327,695	3,327,695	1,759,597	-	5,087,292
Accounting and professional fees	-	338,243	380,232	118,220	-	836,695	69,580	3,092	909,367
Advertising and promotion	-	31,570	10,203	-	-	41,773	-	360	42,133
Office	-	268,883	322,204	34,602	-	625,689	28,658	101,265	755,612
Information technology	-	282,883	19,848	1,888	-	304,619	55,715	10,831	371,165
Occupancy - building and space rental	-	307,136	76,399	231,490	-	615,025	267,156	48,000	930,181
Travel	-	196,970	13,434	10,682	-	221,086	3,283	23,331	247,700
Conferences, conventions, and meetings	-	716,642	348,685	123,664	-	1,188,991	30,844	44,363	1,264,198
Interest	-	-	-	-	12,893,279	12,893,279	-	-	12,893,279
Depreciation	-	-	-	-	8,008,720	8,008,720	-	-	8,008,720
Other professional and administrative fees	-	10,141	-	-	-	10,141	42,974	1,839	54,954
Utilities	-	-	-	-	3,066,625	3,066,625	-	-	3,066,625
Rental operations	-	-	-	-	7,861,330	7,861,330	-	-	7,861,330
Promotion and development	-	239,548	190,084	36,043	-	465,675	1,664	93,128	560,467
Dues and professional memberships	-	38,596	99,693	5,572	-	143,861	7,970	16,953	168,784
Total Expenses	\$ 5,539,026	\$ 4,957,449	\$ 4,554,969	\$ 3,369,601	\$ 35,157,649	\$ 53,578,694	\$ 2,268,565	\$ 388,489	\$ 56,235,748

The accompanying notes to the consolidated financial statements are an integral part of these statements.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from operating activities:		
Change in net assets	\$ 37,401,118	\$ 45,947,775
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	9,757,519	8,008,720
Amortization expense of bond issuance costs	434,758	406,012
Amortization of bond premiums and original issue discount	(823,005)	(2,067,502)
Contributions restricted for long-term investment	(4,646,675)	(4,269,906)
Contributed nonfinancial assets - donated assets	(63,093)	-
Amortization of right-of-use assets	245,381	241,219
Gain on defeasance of debt	(1,765,119)	-
Net realized and unrealized gains on investments	(20,718,468)	(13,770,162)
Change in operating assets and liabilities:		
Unconditional promises to give, net	(7,204,185)	(5,639,007)
Rents receivable, net	(114,937)	13,536
Accounts receivable	(397,655)	96,875
Accounts receivable - related parties	(381,427)	(149,998)
Net investment in direct financing leases	21,660,000	8,709,224
Prepaid expenses and other assets	(48,555)	(36,619)
Accounts payable	249,087	282,165
Accounts payable - related party	(2,276,940)	2,591,653
Accrued expenses	(3,133,406)	262,679
Accrued interest	(1,510,782)	217,524
Operating leases liability	(248,371)	(238,003)
Unearned leasing income	(16,347)	12,134,787
Net cash flows from operating activities	<u>26,398,898</u>	<u>52,740,972</u>
Cash flows from investing activities:		
Purchase of property and equipment	(39,274,313)	(5,531,784)
Net purchase of investments	<u>(7,013,463)</u>	<u>(9,198,746)</u>
Net cash flows from investing activities	<u>(46,287,776)</u>	<u>(14,730,530)</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
Cash flows from financing activities:		
Proceeds from contributions restricted for investment	\$ 4,646,675	\$ 4,269,906
Proceeds from line of credit	5,103,619	-
Payments on line of credit	-	(700,575)
Proceeds from bond payable issuance	145,177,134	40,176,127
Payment to purchase escrow securities for debt defeasance	(110,330,411)	-
Payment of bond issuance costs	(2,262,895)	(3,257,296)
Bonds payable redemptions and payments	(30,800,000)	(13,790,000)
Net cash flows from financing activities	11,534,122	26,698,162
Net change in cash and cash equivalents	(8,354,756)	64,708,604
Cash and cash equivalents, beginning of year	123,310,484	58,601,880
Cash and cash equivalents, end of year	<u>\$ 114,955,728</u>	<u>\$ 123,310,484</u>
Cash and cash equivalents	\$ 10,943,771	\$ 17,346,460
Assets limited as to use	104,011,957	105,964,024
Cash and cash equivalents, end of year	<u>\$ 114,955,728</u>	<u>\$ 123,310,484</u>
Supplemental data for financing activities:		
Interest paid	<u>\$ 18,891,137</u>	<u>\$ 12,901,348</u>
Supplemental disclosures of noncash transactions:		
Property and equipment acquisition included in accrued expenses and accounts payable - related party	<u>\$ 3,201,868</u>	<u>\$ 2,669,021</u>
Acquisition of property and equipment with bond proceeds	<u>\$ 22,500,000</u>	<u>\$ 103,360,839</u>
Transfer of property and equipment to net investment in direct financing leases	<u>\$ 21,730,800</u>	<u>\$ -</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 1—Nature of operations

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

Note 2—Summary of significant accounting policies

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Basis of Consolidation – The consolidated financial statements includes the accounts of the Foundation and the following affiliates: Kennesaw State University Real Estate Foundation, LLC; KSU Center Real Estate Foundation, LLC; KSU Central Parking Deck Real Estate Foundation, LLC; KSU Chastain Pointe Real Estate Foundation, LLC; KSU Dining Hall Real Estate Foundation, LLC; KSU Houses Real Estate Foundation, LLC; KSU Parking Decks Real Estate Foundation, LLC (North, East, and West Decks); KSU Place Real Estate Foundation, LLC (KSU Place I and II); KSU Sports and Recreation Facilities Foundation, LLC; KSU Sports and Recreation Park Real Estate Foundation, LLC; KSU Town Point Real Estate Foundation, LLC; KSU UP Real Estate Foundation, LLC (Austin Residence Complex Phase I); KSU Village I Real Estate Foundation, LLC (University Village and Village Centre); KSU Village II Real Estate Foundation, LLC (University Village Suites); KSU University II Real Estate Foundation, LLC (Austin Residence Complex Phase II, or “ARC II”); KSUF Housing Management, LLC; Kennesaw Hospitality, LLC (Kennesaw Inn); KSU SRAC Real Estate Foundation, LLC (Student Recreation and Activities Center); 3305 Busbee Real Estate Foundation, LLC; KSU Marietta-Hudson Road Real Estate Foundation, LLC; KSU Cobb Parkway Real Estate Foundation, LLC; SPSU Student Housing I, LLC; KSU Special Events, LLC; KSU 1250 Marietta Pkwy Real Estate Foundation, LLC; KSU Howell Hall Real Estate Foundation, LLC; KSU 2020 Housing Real Estate Foundation, LLC; Kennesaw State University Alumni Association, LLC; KSU 2024 Housing Real Estate Foundation, LLC; KSU GL Bixby, LLC; KSU Bixby Real Estate Foundation, LLC; KSU Gutenberg Real Estate Foundation LLC, KSU Gutenberg Land Real Estate Foundation LLC, KSU 500 Chastain Real Estate Foundation LLC, KSU Foundation Investment Real Estate LLC, 1075 Big Shanty Investor LLC and KSU GL Place LLC. Intercompany accounts and all significant intercompany transactions have been eliminated.

Net Assets – The Foundation classifies net assets, revenues, and net investment returns on investments based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not restricted by the donor. These assets are used to support the operations of the Foundation and are at the discretion of the Foundation’s Board of Trustees. From time to time, the Board of Trustees may designate certain amounts to be utilized or invested to meet specific objectives of the Foundation. Such amounts would be reflected as board-designated net assets.

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

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 2—Summary of significant accounting policies (continued)

Revenue Recognition – Unconditional contributions received, including unconditional promises to give, are recognized as revenues in the period received at their estimated fair value less an appropriate allowance for uncollectible amounts. Conditional contributions with a measurable performance or other barrier and a right of return or release are not recognized until the conditions on which they depend are substantially met. Unconditional promises to give due over more than one year are recorded at their discounted present value. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The allowance for unconditional promises to give is computed based upon management's judgement, specifically identified donor balances and amounts based on certain percentages of aged promises to give, which are determined based on historical experience and management's assessment of the general financial conditions to be uncollectible. If actual collections experience changes, revisions to the allowance may be required.

Rental income is recorded under the straight-line method over the lease terms and is recognized when the rental payments become due. Rental agreements are generally year-to-year. Deferred revenue represents rent received for future periods. Management's determination of the allowance for credit losses for rents receivable is based on an evaluation of historical levels of credit losses, current economic conditions, and other risks inherent in the rents receivable portfolio. The allowance for credit losses for rents receivable was \$471,114 and \$673,727 at June 30, 2026 and 2025, respectively.

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

Contributed Nonfinancial Assets – The Foundation records contributed nonfinancial assets at their estimated fair value or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor and expense when utilized.

Operating Activities – The accompanying consolidated statements of activities distinguish between operating and nonoperating activities. Operating activities include all revenue and expenses that are an integral part of the Foundation's programmatic and supporting activities, such as contributions, investment return, and rental income. All other transactions and certain other non-recurring items are included as nonoperating activities.

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

Investments – Investments are recorded at cost, if purchased, and at fair value if donated. Thereafter, investments are reported at fair value. The Foundation's investments in mutual funds are valued at the net asset values ("NAV") reported on the active markets in which the mutual funds are traded. The fair value of other debt and equity securities, with readily determinable market values, are reported based on published market prices. Donated investments are recorded at fair value on the date received. Alternative investments, which are not readily marketable, are carried at estimated fair values as provided by external investment managers. Interest and dividends net of investment fees and realized and unrealized gains and losses on investments are recognized as net investment return in the consolidated statements of activities and are included in either net assets with or without donor restriction depending on donor-imposed restrictions and the Foundation's interpretation of relevant state law. The Foundation's policy is to include cash and cash equivalents held in the investment portfolio as investments.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 2—Summary of significant accounting policies (continued)

Net Investment in Direct Financing Leases – The Foundation leases real estate to the University. The leases are accounted for as direct financing type leases. The present value of the minimum lease payments is recorded as an asset and is amortized as payments are received. Interest on the direct financing leases is recognized over the lease term using the effective interest method and is reported as leasing income on the consolidated statements of activities.

Property and Equipment – Property and equipment are stated at cost. Substantially, all property is held for leasing. Depreciation is computed on the straight-line method over the estimated useful lives of the property and equipment. For property constructed on leased land, the estimated useful life represents the terms of the land lease. Maintenance and repairs of equipment are charged to operations, and major improvements are capitalized. Upon retirement, sale, or other disposition of equipment, the cost and accumulated depreciation are eliminated from the accounts, and any resulting gain or loss is reported on the consolidated statements of activities.

Debt Issuance Costs – Debt issuance costs, comprised principally of underwriting, legal, and printing fees, are recorded as deferred charges and amortized over the term of the related debt using the effective interest method. Debt issuance costs are presented as a reduction of the carrying amount of bonds payable rather than as an asset in the consolidated statements of financial position.

Bond Premiums and Discounts – Bond premiums and discounts are presented as either an increase or decrease of the carrying amount of bonds payable in the consolidated statements of financial position. Both are amortized over the term of the related bonds payable using the effective interest method.

Advertising Costs – Advertising costs are charged to income as they are incurred. Advertising costs amounted to \$23,379 and \$42,133 for the years ended June 30, 2026 and 2025, respectively.

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

Cash and Cash Equivalents – The carrying amount approximates fair value because of the short-term maturity of these instruments.

Investments – Investments are carried at fair value based on quoted market prices for those or similar investments. Alternative and private investment funds are valued at NAV. The external fund managers utilize a security pricing hierarchy as its basis for fair value measurement. The estimated fair values may differ significantly from the values that would have been used had ready markets for these securities existed.

Assets Limited as to Use – Represents funds held by the trustee, which are classified as cash equivalents.

Bonds Payable – Fair value, as disclosed in Note 11, is the price that would be paid to transfer the liability in an orderly transaction between market participants.

Other Receivables and Payables – The carrying amount approximates fair value because of the short-term maturity of these instruments.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 2—Summary of significant accounting policies (continued)

The Foundation follows Financial Accounting Standards Board's ("FASB") fair value measurements and disclosure guidance, which provides a framework for measuring fair value under U.S. GAAP. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

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

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

Level 1 – Valuations for assets and liabilities traded in active markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for market transactions involving identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models, and similar techniques, and not based on market exchange, dealer, or broker-traded transactions.

Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets and liabilities. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. For the fiscal years ended June 30, 2026 and 2025, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 2—Summary of significant accounting policies (continued)

Functional Allocation of Expenses – The cost of providing the various programs and other activities have been summarized on a functional basis on the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited as required by FASB not-for-profit presentation and disclosure guidance.

The consolidated statements of activities report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include advertising and promotion, office, information technology, occupancy, travel, conferences, conventions and meetings, other professional and administrative fees, and dues and professional memberships, which are all allocated on the basis of estimates of time and effort.

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

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

Transfers to Comply with Donor Intent – At times, the Foundation receives requests by donors or their designees to change the use for which the donor’s original gift was intended or upon the occurrence of certain events stipulated in the gift agreement to reclassify gifts previously made from without donor restriction to with donor restriction.

Use of Estimates – The Foundation prepares its consolidated financial statements in accordance with U.S. GAAP, which requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the consolidated financial statements, as well as the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk – Cash and cash equivalents are maintained at multiple financial institutions and, as a result, credit exposure to any one institution is limited. The Federal Deposit Insurance Corporation secures accounts in insured institutions up to \$250,000 per depositor. At times, the Foundation may have amounts on deposit that exceed the federally insured limits. As of June 30, 2026 and 2025, the Foundation’s uninsured cash and cash equivalent balances totaled approximately \$10,616,000 and \$17,190,000, respectively. The Foundation has not experienced any losses on its cash and cash equivalents and management believes the Foundation is not exposed to any significant credit risk on deposits at financial institutions.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 3—Liquidity and availability of resources

The Foundation defines financial assets available for general expenditure as only assets included in accounts without donor or board-designated restrictions. Board-designated assets below represent board-designated net assets plus accrued distributions included in accounts payable and accrued expenses at year-end. Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	2026	2025
Financial assets available for general expenditure at year-end:		
Cash and cash equivalents	\$ 4,591,737	\$ 3,201,690
Unconditional promises to give – without donor restriction, net	21,541	26,801
Rents receivable, net	184,719	69,782
Accounts receivable	443,492	45,837
Accounts receivable – related parties	701,394	319,967
Investments	27,146,888	20,390,158
	<u>33,089,771</u>	<u>24,054,235</u>
Less – designations of liquid assets:		
Board-designated assets for housing reserves	583,313	1,130,084
Board-designated assets for scholarships	430,033	436,641
Board-designated assets for campus services	1,084,836	858,674
Board-designated assets for endowment	3,927,872	1,746,061
Board-designated assets for gift matching	296,527	875,213
Cash restricted for capital projects	2,667,440	1,190,579
	<u>8,990,021</u>	<u>6,237,252</u>
Total financial assets without donor or other restrictions available for general use within one year	<u><u>\$ 24,099,750</u></u>	<u><u>\$ 17,816,983</u></u>

In addition, to the board-designated assets listed above, as part of its liquidity plan, the Foundation's management has established an operating reserve, which represents approximately half of its annual operating expenses, and a working capital reserve. The Foundation's operating and working capital reserves are included in its total financial assets without donor or other restrictions available for general use within one year. At June 30, 2026, the Foundation's operating reserve was \$4,000,000 and the working capital reserve was \$1,600,000 for a total reserve of \$5,600,000. At June 30, 2026, the Foundation's total financial assets without donor or other restrictions available for general use within one year less the operating and working capital reserves and current liabilities at June 30, 2026 of approximately \$5,741,339, excludes amounts payable from donor restricted funds, leaves a remaining balance of \$12,758,411 as undesignated and uncommitted liquid assets.

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

To help manage unanticipated liquidity needs, the Foundation has a committed line of credit of \$15,000,000, which it can draw upon (see Note 10). At June 30, 2026, the Foundation had an available balance of approximately \$9,900,000 available to draw on the line of credit.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 4—Contributed nonfinancial assets

Contributed nonfinancial assets for the years ended June 30 consisted of the following:

Nonfinancial Contributions Category	Type of Contributions	2026	2025
Donated rents	Office space	\$ 173,541	\$ 170,600
Donated salaries	Salaries	1,778,364	1,759,596
Artwork	Paintings, lithographs, and prints	63,093	-
Equipment	Computers	-	10,500
		<u>\$ 2,014,998</u>	<u>\$ 1,940,696</u>

Contributed nonfinancial assets are generally not sold but are utilized to support the Foundation's programmatic work in support of its mission. The Foundation also recognizes contributed services as contributed nonfinancial assets revenues at their estimated fair value on the date of receipt if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

Donated rents and salaries paid by the University on behalf of the Foundation are reflected in supporting services as management and general expense in the accompanying consolidated statements of activities.

Note 5—Unconditional promises to give, net

Unconditional promises to give, net consisted of the following at June 30:

	2026	2025
Promises to give without donor restrictions	\$ 21,541	\$ 26,801
Promises to give with donor restrictions – purpose restrictions	26,735,270	17,971,247
Promises to give with donor restrictions – perpetual in nature	8,573,284	8,616,829
Unconditional promises to give before discount and allowance for uncollectible pledges	35,330,095	26,614,877
Less unamortized discount	(3,931,819)	(2,458,090)
	31,398,276	24,156,787
Less allowance for uncollectible promises to give	(257,214)	(219,910)
	<u>\$ 31,141,062</u>	<u>\$ 23,936,877</u>
Amount due in:		
Less than one year	\$ 1,070,517	\$ 609,396
One to five years	24,516,414	19,549,984
More than five years	9,743,164	6,455,497
	<u>\$ 35,330,095</u>	<u>\$ 26,614,877</u>

The discount rates used for unconditional pledges at June 30, 2026 and 2025, ranges from 1% - 4%.

Two donors accounted for 28% of gross unconditional promises to give as of June 30, 2026. Two donors accounted for 35% of gross unconditional promises to give as of June 30, 2025.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 6—Investments and fair value measurements

The following table summarizes the valuation of the Foundation's investments measured at fair value on a recurring basis as of June 30, 2026, based on the level of input utilized to measure fair value within the fair value hierarchy described in Note 2:

	Level 1	Level 2	Level 3	NAV Practical Expedient	Total
Money market funds	\$ 6,648,540	\$ -	\$ -	\$ -	\$ 6,648,540
Exchange traded fund	6,111,275	-	-	-	6,111,275
U.S. Equity mutual fund	16,544,074	-	-	-	16,544,074
International equity index fund	6,027,931	-	-	-	6,027,931
Emerging markets index equity fund	3,045,305	-	-	-	3,045,305
U.S. Bond index mutual fund	145,417	-	-	-	145,417
U.S. Government obligations fund	338,134	-	-	-	338,134
U.S. Treasury securities	18,756,285	-	-	-	18,756,285
Commercial paper	-	21,803,471	-	-	21,803,471
Corporate bonds	-	10,166,281	-	-	10,166,281
Common Trust Funds:					
Commonfund OCIO Global Equity LLC	-	-	-	47,171,340	47,171,340
CFI High Quality Bond Fund, LLC	-	-	-	17,895,268	17,895,268
CF Credit Series	-	-	-	6,828,516	6,828,516
CF REIT Portfolio, LLC	-	-	-	1,125,119	1,125,119
Hedge Fund:					
Global Absolute Alpha Company	-	-	-	15,727,079	15,727,079
Private Capital:					
Private equity	-	-	-	14,016,336	14,016,336
Private credit	-	-	-	3,120,513	3,120,513
Private real assets	-	-	-	16,106,491	16,106,491
Total investments	<u>\$ 57,616,961</u>	<u>\$ 31,969,752</u>	<u>\$ -</u>	<u>\$ 121,990,662</u>	<u>\$ 211,577,375</u>

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 6—Investments and fair value measurements (continued)

The following table summarizes the valuation of the Foundation's investments measured at fair value on a recurring basis as of June 30, 2025, based on the level of input utilized to measure fair value within the fair value hierarchy described in Note 2:

	Level 1	Level 2	Level 3	Expedient	Total
Money market funds	\$ 7,650,152	\$ -	\$ -	\$ -	\$ 7,650,152
Exchange traded fund	1,410,202	-	-	-	1,410,202
U.S. Equity mutual fund	656,699	-	-	-	656,699
U.S. Bond index mutual fund	1,132,141	-	-	-	1,132,141
U.S. Government obligations fund	1,306,438	-	-	-	1,306,438
Global Equity mutual fund	5,135,606	-	-	-	5,135,606
U.S. Treasury securities	14,935,970	-	-	-	14,935,970
Commercial paper	-	17,037,921	-	-	17,037,921
Corporate bonds	-	11,060,951	-	-	11,060,951
Common Trust Funds:					
Commonfund OCIO Global Equity LLC	-	-	-	66,596,439	66,596,439
CFI High Quality Bond Fund, LLC	-	-	-	11,606,967	11,606,967
CF Credit Series	-	-	-	6,874,279	6,874,279
CF REIT Portfolio, LLC	-	-	-	4,004,673	4,004,673
Hedge Fund:					
Global Absolute Alpha Company	-	-	-	13,776,940	13,776,940
Private Capital:					
Private equity	-	-	-	9,294,280	9,294,280
Private credit	-	-	-	2,553,783	2,553,783
Private real assets	-	-	-	8,812,003	8,812,003
Total investments	<u>\$ 32,227,208</u>	<u>\$ 28,098,872</u>	<u>\$ -</u>	<u>\$ 123,519,364</u>	<u>\$ 183,845,444</u>

The following are descriptions of valuation methodologies used for assets measured at fair value on a recurring basis:

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are reported at quoted market prices.

The Foundation has placed funds for investment with investment managers that measure the fair value of those investments at NAV per share. These investments primarily consisting of private, limited liability companies, limited partnerships, and common trust funds. The investment managers have established, for accounting purposes, an initial unit value for an accounting unit of the participants' accounts based on the participants' net assets divided by the unit value. At all times, the total value of the participants' net assets, divided by the total of all participants' units, will equal the unit value. The unit value of the net assets will be determined on the valuation date. These estimated fair values may differ from the values that would have been used had a ready market existed for these investments. Quantitative information for the valuation inputs and related sensitivities of these investments is maintained by third parties and is not reasonably available to the Foundation.

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

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 6—Investments and fair value measurements (continued)

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

The following table presents the nature and risk of assets with fair values estimated using NAV held at June 30, 2026:

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Commonfund OCIO Global Equity LLC	\$ 47,171,340	\$ -	Monthly	5 days
CFI High Quality Bond Fund, LLC	17,895,268	-	Weekly	5 days
				5 days with prior written notice; or any amount with 90 calendar day's prior written notice
CF Credit Series	6,828,516	-	Monthly	5 days
CF REIT Portfolio, LLC	1,125,119	-	Monthly	5 days
Global Absolute Alpha Company	15,727,079	-	Quarterly	3 - 65 days
Private equity:				
CCI-OCIO Global Private Equity Fund IV	3,892,642	1,110,000	N/A	N/A
OCIO Global Private Equity Fund V, L.P.	963,799	1,240,000	N/A	N/A
OCIO Global Private Equity Fund VI, L.P.	254,361	4,465,000	N/A	N/A
Venture Partners XIV	3,794,752	316,250	N/A	N/A
Venture Partners XV	1,104,755	458,400	N/A	N/A
Venture Partners XVI	354,825	2,898,500	N/A	N/A
Secondary Partners III	2,526,307	975,000	N/A	N/A
Secondary Partners IV	1,124,895	750,000	N/A	N/A
Private credit:				
Commonfund Private Credit Fund II, L.P.	1,732,571	719,200	N/A	N/A
Commonfund Private Credit Fund III, L.P.	1,387,942	1,029,770	N/A	N/A
Private real estate:				
1075 Big Shanty Investor, LLC	3,610,000	-	N/A	N/A
Natural Resources Partners XII	1,023,837	295,000	N/A	N/A
Environmental Sustainability Partners 2020	1,478,632	232,500	N/A	N/A
Environmental Solutions Partners II	464,412	580,000	N/A	N/A
			Quarterly	100 advance notice prior to the last business day of the calendar quarter
CF OCIO Core Real Estate Fund, LLC	4,608,468	-		
Commonfund Real Estate Opportunity Fd II	3,784,149	1,378,615	N/A	N/A
Commonfund Real Estate & Infrastructure Opp Fd III	1,136,993	2,200,724	N/A	N/A
	<u>\$ 121,990,662</u>	<u>\$ 18,648,959</u>		

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 6—Investments and fair value measurements (continued)

The Foundation's investments measured at net asset value are more fully described below:

Commonfund OCIO Global Equity Fund LLC – The global equity strategy focuses primarily on a diversified portfolio of common stocks and equity-linked securities of companies in the global public equity markets. The strategy employs active and passive equity strategies and is unconstrained by geography, strategy and market capitalization.

CFI High Quality Bond Fund, LLC – The high-quality bond strategy focuses on investments in investment-grade fixed income securities in an attempt to outperform the broad U.S. bond market. Investment grade securities are those rated in one of the four highest categories by a nationally recognized rating agency.

CF Credit Series – The credit strategy will invest primarily in a portfolio consisting of fixed income credit securities, including, but not limited to, global sovereign debt (including emerging market local currency sovereign debt), non-U.S. currency exposure, dollar-denominated high yield bonds, dollar-denominated bank loans, non-agency residential mortgages, commercial mortgage-backed securities, asset-backed securities and other structured credit, commingled partnership/limited liability company interests and registered investment companies.

CF REIT Portfolio, LLC – A REIT generally owns or finances the acquisition of income producing real estate, including commercial real estate, in a manner that qualifies for favorable U.S. tax treatment. The REIT strategy seeks to provide actively managed exposure to REITs that provide returns above a benchmark index. These investments may include publicly traded REITs and other related U.S. and non-U.S. securities and derivatives.

Global Absolute Alpha Company – This hedge fund seeks to provide investors with a marketable alternative strategies investment program capable of producing consistently positive returns regardless of the direction of the broader markets by allocating assets to multiple Sub-Advisers and/or multiple Portfolio Funds selected by the Manager.

CCI-OCIO Global Private Equity Fund IV, OCIO Global Private Equity Fund V, L.P., OCIO Global Private Equity Fund VI, L.P. – The global private equity strategy offers investors the opportunity to invest in a wide variety of transactions involving domestic and global companies, such as growth equity financing, leveraged buyouts, industry consolidations, recapitalizations, restructurings, and distressed situations. These strategies aim to invest with funds offered by private equity Managers who combine strategic operating and financial expertise, focusing on Managers who invest in a wide range of middle-market companies. In addition, these strategies focus on Managers that increase operating efficiencies, make strategic acquisitions, expand product lines and/or enter new markets, recruit senior managers and formulate appropriate strategy and governance across select geographic regions around the world.

Venture Partners XIV, Venture Partners XV, Venture Partners XV – Venture capital strategies aim to give investors the opportunity to earn long-term capital appreciation by investing in earlier-stage, high-growth potential private companies from around the world, primarily in the information technology and healthcare sectors. Client accounts employing this strategy seek to diversify their investments with Managers by stage, strategy, geography, industry, and vintage year. These investment strategies are executed through Managers located around the world.

Secondary Partners III, Secondary Partners IV – The secondary strategy seeks to acquire investments principally in secondary market transactions in leveraged buyout, growth equity, distressed securities, mezzanine financing, natural resources, and venture capital investment funds on a global basis. The secondary strategy also invests directly in pooled investment vehicles or funds of funds. The secondary strategy may, to a lesser extent, make direct equity, equity-like, or debt investments acquired from third parties, and acquires investments other than in privately negotiated secondary transactions, including through the primary markets.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 6—Investments and fair value measurements (continued)

Commonfund Private Equity Credit Fund II, L.P., Commonfund Private Equity Credit Fund III, L.P. – The private credit strategy focuses on generating income and risk-adjusted returns through investment with Managers focusing primarily on investments in U.S. corporate middle market direct lending, with some exposure to non-U.S. corporate middle market direct lending, real estate direct lending and other private credit opportunities. Managers are expected to invest primarily in (but not be limited to) privately originated senior secured loans to corporate middle market borrowers and collateralized loans to real estate borrowers. Managers may also invest in junior tranches of structured credit transactions such as residential and commercial mortgage-backed and other asset backed securitizations.

Natural Resources Partners XII – This investment strategy focuses on investments in the natural resources sector including investments in the oil and natural gas production, oilfield services, power generation and other natural resources related industries, including energy infrastructure, clean energy, mining and mineral extraction, and timber. The preponderance of natural resources investments is in companies based in the U.S. and Canada. The natural resources strategy seeks to diversify across different industries, stages of corporate development, including different levels of the energy production and distribution industry, and styles of investment within the natural resources sector. The natural resources strategy encompasses both private equity strategies (acquisition, development, recapitalization and restructuring transactions) and property acquisition strategies (such as direct investments with managers focusing on the drilling of proved reserves or similar investments).

Environmental Sustainability Partners 2020, Environmental Solutions Partners II – These investments focus on the sustainability sector and natural resources. These funds will invest in companies, operating platforms and funds in a diversified set of sustainability sectors and environmental themes such as: (a) renewables and related strategies; (b) food, agriculture and water; and (c) resource efficiency and broader sustainability, in North America as well as globally. This strategy aims to include direct investments, co-investments, investments in operating platforms, secondaries and commitments to primary funds that may be considered capacity-constrained or otherwise with difficult to access managers.

CF OCIO Core Real Estate Fund, LLC – The core real estate strategy focuses on investing client assets with multiple Managers in a diversified portfolio of stabilized, income producing assets primarily from the four major property types (office, industrial, apartment and retail) that are located in larger regional markets and have high occupancy levels, stable tenants, staggered lease expirations, and competitive market rents. The objective of the core real estate strategy is to provide a net rate of return to investors in excess of the NCREIF Fund Index, with low correlation to the equity, fixed income and other alternative asset classes.

Commonfund Real Estate Opportunity Fund II, Commonfund Real Estate and Infrastructure Opp Fund III – The opportunistic real estate strategy seeks Managers that can generate superior risk-adjusted returns and long-term growth, with relatively low correlation to the public equity markets, through an investment strategy focusing on “Non-Core” real estate investments. These investments may include core assets that need repositioning or properties not included in the core bucket such as storage facilities, student housing and medical facilities. This strategy is generally not limited by diversification constraints, portfolio allocation projections, or investment vehicle type. The strategy seeks superior real-asset or real-asset related transactions and invests with Managers that purchase real property and related securities located anywhere in the world, but with a focus on U.S. transactions.

1075 Big Shanty Investor, LLC – Big Shanty Investor, LLC is a joint venture (“JV”) comprised as follows of a 95% ownership by KSU Foundation Investment Real Estate, LLC and a 5% ownership interest by TAC Big Shanty Operator 2, LLC (“TAC”). The JV was formed as a Georgia limited liability company to acquire, own, lease, operate, finance, manage, improve, and ultimately sell or otherwise dispose of the property located at 1075 Big Shanty Road, Kennesaw, Georgia.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 6—Investments and fair value measurements (continued)

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

	2026	2025
Interest and dividends	\$ 6,530,277	\$ 4,437,528
Net realized and unrealized gains	20,718,468	13,770,162
Investment expenses	<u>(337,863)</u>	<u>(277,680)</u>
Total net investment return	26,910,882	17,930,010
Less donor restricted non-endowment net investment return	(5,620)	(136,545)
Less donor restricted endowment net investment return	<u>(17,984,815)</u>	<u>(11,517,086)</u>
Operating net investment return	<u>\$ 8,920,447</u>	<u>\$ 6,276,379</u>

Operating net investment return is generated from short-term and designated investments.

Note 7—Net investment in direct financing leases

The Foundation's leasing operations consist of leasing real estate to the University under direct financing type leases expiring in various years through 2052. For improvements constructed under a ground lease, the lessee retains ownership of the improvements until the conclusion of the primary term, unless the lease is terminated earlier in accordance with the terms stipulated in the lease agreement. For direct financing type leases in which the Foundation holds full ownership of the land, the Foundation has committed to transferring all rights, title, and interests and delivering possession of both the premises and improvements upon the expiration of the primary term or any earlier termination date as stipulated in the lease terms.

Following is a summary of components of the Foundation's net investment in direct financing leases at June 30:

	2026	2025
Total future minimum lease payments to be received	\$ 266,168,870	\$ 274,127,130
Less unearned interest income	<u>(74,355,398)</u>	<u>(82,384,458)</u>
Net investment in direct financing leases	<u>\$ 191,813,472</u>	<u>\$ 191,742,672</u>

Future minimum payments to be received under direct financing leases at June 30, 2026 are as follows:

Years Ending June 30,

2027	\$ 10,541,951
2028	10,214,505
2029	10,655,080
2030	9,552,486
2031	8,843,967
Thereafter	<u>142,005,483</u>
	<u>\$ 191,813,472</u>

The Foundation evaluates whether an allowance for credit losses is necessary with respect to its net investment in direct financing leases, considering the historical payment experience, current economic conditions that might impact payment, reasonable and supportable forecasts, and credit worthiness of the University. As of June 30, 2026 and 2025, the allowance for credit losses was not material.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 8—Property and equipment, net

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

	<u>Life</u>	<u>2026</u>	<u>2025</u>
Land		\$ 14,745,466	\$ 9,930,140
Land improvements		74,329	74,330
Buildings and building improvements	10-33 years	232,246,163	231,721,417
Furniture, fixtures, and equipment	5 years	15,530,038	15,364,562
Computer software	3 years	82,581	82,581
Construction in progress		48,647,009	11,475,765
		311,325,586	268,648,795
Less accumulated depreciation		<u>(108,592,831)</u>	<u>(99,403,902)</u>
		<u>\$ 202,732,755</u>	<u>\$ 169,244,893</u>

Property and equipment primarily consist of student housing, University facilities, land held for future University development, classroom and office space, athletic facilities, dining facilities, and retail space. Depreciation expense for the years ended June 30, 2026 and 2025 was \$9,757,519 and \$8,008,720, respectively.

In January 2025, the Foundation acquired Bixby Kennesaw, a 179-unit, 656-bed apartment complex for approximately \$100,000,000. The purchase was financed with proceeds from the Series 2025 Bixby Project Revenue Bonds (see Note 11). The property is managed by an external third party management company.

In March 2025, the Foundation entered into multiple agreements to build a nearly 97,000 square foot residence hall ("Summit II") adjacent to the Summit I student housing building. Summit II will include housing for approximately 460 students, study spaces and community areas, including an outdoor space connecting the Summit I and Summit II. The Foundation will use proceeds from the Series 2025 Summit II Student Housing Project Revenue Bonds (see Note 11) to finance the construction of Summit II. The total estimated cost of construction is approximately \$43,781,000. At June 30, 2026, approximately \$46,955,000 was reflected as construction in progress related to the Summit II project. At June 30, 2026, the Foundation was committed to contractual obligations for the Summit II project totaling approximately \$4,004,000. Summit II opened in August 2026.

In November 2025, the Foundation entered into a contract to renovate KSU Place. The total estimated cost of the renovation is approximately \$25,860,000. At June 30, 2026, approximately \$1,691,879 was reflected as construction in progress related to the KSU Place renovation project. At June 30, 2026, the Foundation was committed to contractual obligations of approximately \$23,675,000.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 9—Assets limited as to use

The financing of the purchases of various facilities including student housing, parking decks, and residential housing are subject to the terms of trust indentures. Under the provisions of these trust indentures, the Foundation is required to maintain amounts in separate reserve accounts, representing cash and investments, on deposits with bond trustees.

A summary of the assets limited as to use held by the bond trustee under trust indentures at June 30 is as follows:

	<u>2026</u>	<u>2025</u>
Revenue funds	\$ 808	\$ 1,299
Debt service reserve funds	20,183,775	21,636,528
Surplus funds	5,670,013	4,629,078
Bond funds	10,170,580	19,585,242
Project funds	47,944,179	45,343,023
Repair and replacement funds	20,042,602	14,768,854
	<u>\$ 104,011,957</u>	<u>\$ 105,964,024</u>

Note 10—Line of credit

On December 19, 2023, the Foundation entered into an unsecured line of credit arrangement with maximum borrowings of \$5,000,000 with a commercial bank to meet short-term cash requirements, bearing a variable interest rate of the Secured Overnight Financing Rate plus 1.50%. On December 19, 2025, the line of credit arrangement was amended to increase the maximum borrowings to \$15,000,000. At June 30, 2026, the interest rate on the line of credit was 5.125%. Repayment terms are interest only payments and all outstanding principal and interest is due on the maturity date. At June 30, 2026, the outstanding balance on the line of credit was \$5,103,619. At June 30, 2025, there was no outstanding balance on the line of credit. The line of credit matures on December 19, 2028. The line of credit contains certain financial covenants. Management believes the Foundation is in compliance with those covenants at June 30, 2026.

Note 11—Bonds payable

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

During the year ended June 30, 2026, the Foundation entered into an Escrow Deposit Agreement to pay and defease the remaining Series 2013, 2014, and 2015 Housing bond series through the issuance of the Series 2026A, 2026B, and 2026C Student Housing Refunding and Revenue Bonds with a par amount of \$114,050,000. An irrevocable sum of \$90,660,197 was deposited in an escrow fund to pay the Series 2013, 2014, and 2015 Housing bonds when called. As a result, the previously issued bonds are deemed extinguished for accounting purposes. The Foundation recognized a gain of \$1,326,639 on the bond defeasance during the year ended June 30, 2026.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 11—Bonds payable (continued)

During the year ended June 30, 2026, the Foundation entered into an Escrow Deposit Agreement to pay and defease the remaining Series 2017 Dining Hall bond. An irrevocable sum of \$14,577,313 was deposited in an escrow fund to pay the bonds when called. As a result, the previously issued bonds are deemed extinguished for accounting purposes. The Foundation recognized a gain of \$438,480 on the bond defeasance during the year ended June 30, 2026.

Bonds payable outstanding at June 30 are as follows:

Revenue Bonds	Debt Service Coverage Ratio	Original Issue Amount	Interest Rates	Maturing Through Year	Outstanding Balances	
	Minimum				2026	2025
Series 2013 Student Housing Refunding:						
Series 2013A	1.20	28,935,000	2.00% - 5.25%	2029	\$ -	\$ 11,735,000
Series 2013B	1.20	7,260,000	2.00% - 5.25%	2026	-	1,695,000
Series 2013 SPSU Housing Refunding	1.00	27,130,000	2.00% - 5.00%	2029	5,000,000	7,090,000
Series 2014 Student Housing Refunding:						
Series 2014A	1.20	21,520,000	3.00% - 5.00%	2036	-	20,045,000
Series 2014B	1.20	9,220,000	3.00% - 5.00%	2036	-	8,570,000
Series 2014C	1.20	15,820,000	3.00% - 5.00%	2036	-	6,425,000
Series 2015 Student Housing:						
Series 2015A	1.20	24,465,000	2.00% - 5.00%	2038	-	17,990,000
Series 2015B	1.20	8,145,000	2.00% - 5.00%	2038	-	5,700,000
Series 2015C	1.20	27,180,000	2.00% - 5.00%	2038	-	22,370,000
Series 2017 Parking and Dining Hall Refunding	1.00	46,085,000	2.00% - 5.00%	2039	19,615,000	35,550,000
Series 2017 Sports and Recreation Park	1.00	42,580,000	3.25% - 5.00%	2040	34,860,000	36,480,000
Series 2020 Sports and Recreation Park Refunding and Howell Hall Renovation:						
Sports Park Recovery Zone Series 2020A	1.00	19,275,000	2.00% - 4.00%	2044	18,585,000	18,765,000
Howell Hall Renovation Series 2020C	1.00	9,625,000	2.00% - 4.00%	2052	8,855,000	9,060,000
Series 2020 New Housing	1.00	35,360,000	2.00% - 5.00%	2052	33,945,000	34,670,000
Series 2021 UP II Housing Refunding	1.00	22,095,000	2.38% - 4.00%	2041	19,565,000	20,440,000
Series 2022 Student Recreation and Activities Center Refunding	1.00	32,825,000	4.00% - 5.00%	2042	28,885,000	29,955,000
Series 2025 Summit II Student Housing	1.00	39,450,000	4.50% - 5.00%	2056	39,450,000	39,450,000
Series 2025 Bixby Project:						
Series 2025A	1.20	54,945,000	5.00% - 5.25%	2055	54,450,000	54,720,000
Series 2025B	1.20	26,795,000	5.00% - 5.50%	2055	26,570,000	26,685,000
Series 2025C	1.20	19,455,000	5.00% - 5.75%	2055	19,295,000	19,375,000
2026 Student Housing Bonds:						
Series 2026A	1.20	59,995,000	5.00%	2057	59,995,000	-
Series 2026B	1.20	24,145,000	5.00% - 5.25%	2057	24,145,000	-
Series 2026C	1.20	29,910,000	5.00% - 5.50%	2057	29,910,000	-
2026 Gutenberg Bonds	1.20	20,760,000	4.50% - 5.00%	2037	20,760,000	-
Subtotal					443,885,000	426,770,000
Unamortized original issue premium					17,245,564	11,292,604
Unamortized bond issue costs					(7,251,414)	(6,313,916)
					<u>\$ 453,879,150</u>	<u>\$ 431,748,688</u>

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 11—Bonds payable (continued)

The estimated aggregate maturities of bonds payable are as follows at June 30, 2026:

Years Ending June 30,

2027	\$ 14,945,000
2028	17,175,000
2029	18,220,000
2030	17,790,000
2031	18,910,000
Thereafter	<u>356,845,000</u>
	<u><u>\$ 443,885,000</u></u>

Bond interest expense totaled \$17,380,355 and \$12,893,279 for the years ended June 30, 2026 and 2025, respectively, which represents bond interest expense incurred of \$18,394,786 and \$14,554,769 less bond premium and bond issue costs amortization of \$1,014,431 and \$1,661,490, for the years ended June 30, 2026 and 2025, respectively. During the years ended June 30, 2026 and 2025 approximately \$1,443,000 and \$505,000 of interest was capitalized, respectively.

Management believes they are in compliance with all debt service coverage ratio requirements and bond covenants at June 30, 2026.

The fair value of the bonds at June 30, 2026 and 2025 was approximately \$456,381,000 and \$431,541,000, respectively, and are classified as Level 1.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 12—Lease commitments

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

<u>Ground Lease</u>	<u>Initiation Year</u>	<u>Term</u>	<u>Annual Lease Payment</u>
Board of Regents:			
Austin Residence Complex Phase I	2001	30 years	\$ 1
University Village	2005	30 years	20,000
Village Suites	2007	30 years	10
Central Parking Deck	2007	30 years	10
Austin Residence Complex Phase II	2011	30 years	10
Student Recreation Activity Center	2013	30 years	10
Howell Hall	2020	30 years	10
Summit I	2020	30 years	10
Summit II	2025	30 years	10

The Foundation entered into a lease in March 2020 for the purpose of providing parking for the Marietta Campus. The primary term of the ground lease is 15 years, beginning July 1, 2020, and is renewed annually. The Foundation paid to the lessor \$58,775 and \$57,887 for the years ended June 30, 2026 and 2025, respectively. The Foundation also entered into a lease agreement with the University to sublease the parking for the Marietta campus. Total fees paid to the Foundation by the University under this sublease agreement were \$58,775 and \$57,887 for the years ended June 30, 2026 and 2025, respectively. This sublease income is reported in leasing income on the consolidated statements of activities.

The Foundation has operating lease right-of-use asset, net of amortization, of \$3,489,356 and \$3,734,737, and an operating lease liability of \$3,575,000 and \$3,823,371, reported on the consolidated statements of financial position at June 30, 2026 and 2025, respectively. The weighted average discount rate was 1.76% as of June 30, 2026 and 2025. The weighted average remaining lease term was 13 and 13.9 at June 30, 2026, and 2025, respectively. Operating lease expense included in management and general expenses were \$310,245 for each of the years ended June 30, 2026 and 2025. Cash paid for amounts included in measurement of lease liabilities were \$313,235 and \$307,027 for the years ended June 30, 2026 and 2025, respectively.

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

<u>Years Ending June 30,</u>	
2027	\$ 314,116
2028	315,011
2029	315,919
2030	316,840
2031	317,776
Thereafter	<u>2,427,497</u>
	4,007,160
Less interest	<u>(432,160)</u>
	<u>\$ 3,575,000</u>

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 13—Net assets with donor restrictions

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

Purpose restrictions accomplished:

	2026	2025
Scholarships and awards	\$ 5,549,647	\$ 4,639,304
Academic and program support	5,141,610	4,993,870
Special events and programs	4,387,254	3,074,385
Other University support	2,946,583	932,655
	<u>\$ 18,025,094</u>	<u>\$ 13,640,214</u>

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

	2026	2025
Subject to expenditure for specified purpose and endowment spending policy and appropriation:		
Academic and program support	26,832,044	\$ 19,733,390
Scholarships	30,940,018	21,828,772
Special events	27,491,468	31,317,498
Other University support	5,143,623	5,074,415

Unconditional promises to give, net, the proceeds from which have been restricted by donor for:

Academic and program support	18,335,466	12,586,878
Scholarships and awards	3,979,791	2,746,541
Special events and programs	725,000	327,300
Other University support	539,610	639,860

Subject to purpose and time restrictions

<u>113,987,020</u>	<u>94,254,654</u>
--------------------	-------------------

Perpetual in nature:

Subject to endowment spending policy and appropriation:

Scholarships	66,862,166	63,941,722
Program support	26,002,624	23,771,764
Special events and programs	1,382,087	1,341,087
Other University support	7,062,592	7,028,553

Unconditional promises to give, net, the proceeds from which have been restricted by donor for:

Scholarships	2,364,862	2,554,829
Academic programs	1,208,422	1,062,000
Program support	3,967,505	3,994,599

Total perpetual in nature

<u>108,850,258</u>	<u>103,694,554</u>
--------------------	--------------------

Total net assets with donor restrictions

<u>\$ 222,837,278</u>	<u>\$ 197,949,208</u>
-----------------------	-----------------------

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 14—Endowments

The Foundation's endowments consists of approximately 545 individual funds by donors to provide annual funding for a variety of purposes and a board-designated endowment fund.

Interpretation of Relevant Law – The Board of Trustees of the Foundation has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act ("UPMIFA") of 2008 as requiring the assets of an endowment fund be donor restricted until allocated for spending, unless otherwise specifically stated in the gift instrument. The Board believes this interpretation is consistent with the established board-approved investment and spending policy. In accordance with the investment policy and UPMIFA, all restricted endowment assets are invested in the endowment pool on a pooled basis until allocated for spending. As a result of this interpretation, for accounting and consolidated financial statement purposes, the Foundation classifies the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments with the net assets with donor restrictions. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate and allocate assets for spending or accumulate assets of an endowment fund:

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

The endowment net asset composition by type of fund as of June 30 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<u>2026</u>			
Board-designated endowment	\$ 3,927,872	\$ -	\$ 3,927,872
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor		101,309,469	101,309,469
Accumulated investment gains		49,557,128	49,557,128
Total funds	<u>\$ 3,927,872</u>	<u>\$ 150,866,597</u>	<u>\$ 154,794,469</u>
	Without Donor Restrictions	With Donor Restrictions	Total
<u>2025</u>			
Board-designated endowment	\$ 1,746,061	\$ -	\$ 1,746,061
Donor-restricted endowment funds:			
Original donor-restricted gift amounts and amounts required to be maintained in perpetuity by donor	-	96,083,126	96,083,126
Accumulated investment gains	-	35,272,120	35,272,120
Total funds	<u>\$ 1,746,061</u>	<u>\$ 131,355,246</u>	<u>\$ 133,101,307</u>

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 14—Endowments (continued)

Changes in endowment net assets for the years ended June 30 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
2026			
Endowment net assets, beginning of year	\$ 1,746,061	\$ 131,355,246	\$ 133,101,307
Investment return, net	244,832	17,984,845	18,229,677
Contributions	-	4,646,675	4,646,675
Appropriation of endowment assets pursuant to spending-rate policy	(17,520)	(3,827,262)	(3,844,782)
Transfers to comply with donor intent	-	707,093	707,093
Transfers in for the endowment	1,954,499	-	1,954,499
Endowment net assets, end of year	<u>\$ 3,927,872</u>	<u>\$ 150,866,597</u>	<u>\$ 154,794,469</u>
	Without Donor Restrictions	With Donor Restrictions	Total
2025			
Endowment net assets, beginning of year	\$ 1,048,148	\$ 118,131,998	\$ 119,180,146
Investment return, net	93,278	11,517,086	11,610,364
Contributions	-	4,269,906	4,269,906
Appropriation of endowment assets pursuant to spending-rate policy	(6,765)	(3,613,370)	(3,620,135)
Transfers to comply with donor intent	-	1,007,126	1,007,126
Transfers in for the endowment	653,900	-	653,900
Honors Program Matching Fund transfers	(42,500)	42,500	-
Endowment net assets, end of year	<u>\$ 1,746,061</u>	<u>\$ 131,355,246</u>	<u>\$ 133,101,307</u>

The KSU Journey Honors College Endowment Matching Fund consists of \$5,000,000 the Foundation was contractually obligated to set aside to fund-matching gifts. The board-designated endowments purpose is to match 50% of any endowed gift, or legally binding pledge of at least \$50,000, to a named endowment fund for the exclusive support of the KSU Journey Honors College, up to a maximum of \$5,000,000. The total amount provided by the Foundation for the Honors Program Matching Fund was fully matched through June 30, 2025.

Funds with Deficiencies – From time to time, certain donor-restricted endowment funds may have fair values less than the amount the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no endowment funds with deficiencies at June 30, 2026 and 2025.

Return Objectives and Risk Parameters – The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds the Foundation must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of benchmark indexes of similar assets classes while assuming a moderate level of investment risk. The following are benchmark indexes: 55.0% MSCI AC World Index Net; 13.0% Bloomberg Barclays US Aggregate Bond Index; 10.0% HFRI FOF Conservative Index; 7.0% ICS BofA Merrill Lynch (ML) Hi-Yield Master; 7% NCREIF ODCE (Lagged); 6.0% S&P Global LargeMidCap Commodities Index; 2.0% DJ Wilshire US Select Real Estate Index. The target rate of the return for the KSU Foundation is 6.75%. Actual returns in any given year may vary from this amount.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 14—Endowments (continued)

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The target assets allocations at June 30 were as follows:

	2026	2025
Large cap domestic equity	43%	43%
Domestic bonds	13%	13%
Real estate	4%	4%
Private capital	12%	12%
Private natural resources	4%	4%
Public natural resources	2%	2%
Private real estate	5%	5%
Diversifying strategies	10%	10%
Credit	7%	7%
	100%	100%

Spending Policy – The Foundation had an endowment spending policy for the years ended June 30, 2026 and 2025 appropriating for distribution up to 4% of the average fair value balance of the last 12 rolling quarters, respectively, as of the calendar year-end of preceding fiscal year that was adjusted using a sliding scale based on its endowment fund's fair value as of the calendar year-end of preceding fiscal year in which the distribution is planned.

Internal Borrowing – During the year ended June 30, 2025, KSU Bixby Real Estate Foundation LLC acquired the Bixby building along with the underlying land. Upon closing the permanent bond financing, the Foundation elected to purchase the land separately for approximately \$5,800,000 through a newly formed entity, KSU GL Bixby LLC, with the intent to hold the land as an investment. This purchase price was supported by a formal appraisal. The land was subsequently ground leased back to KSU Bixby Real Estate Foundation LLC, with lease payments to be made from operating surplus cash flows. The ground lease commenced on March 1, 2025, and will continue through February 29, 2060. Lease payments begin on July 1, 2025, starting at \$500,000 annually and escalating by 0.5% each year. To partially fund the land acquisition, KSU GL Bixby LLC received a \$2,400,000 endowment loan from the endowment portfolio. The loan will be repaid over 30 years through annual payments of \$240,000, which include both principal and interest, based on a 9.3% rate of return. Repayments began in January 1, 2026, and will continue through January 1, 2055. The balance outstanding on the endowment loan at June 30, 2026 was \$2,349,671.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 15—Related party transactions

In 2021, the Foundation entered into a memorandum of understanding with the University to manage the Foundation's housing properties. Total fees paid to the University under this agreement were \$539,599 and \$523,633 for the years ended June 30, 2026 and 2025, respectively, and is reported in rental operations expense in the statements of functional expenses. In August 2026, the memorandum of understanding was renewed for up to five successive one year terms.

The Foundation entered into an agreement with the University to manage certain Sports Park events. Total fees paid to the Foundation under this agreement was \$236,853 and \$229,144 for the years ended June 30, 2026 and 2025, respectively. The Foundation also has a sublease agreement with the University for its use of the Sports Park. Total fees paid to the University under this agreement were \$229,907 and \$229,144 for June 30, 2026 and 2025, respectively.

Amounts due from the University and its affiliates are as follows at June 30:

	<u>2026</u>	<u>2025</u>
Operating accounts receivable	\$ 701,394	\$ 319,967

Amounts due to the University and its affiliates were as follows at June 30:

	<u>2026</u>	<u>2025</u>
Capital projects payable	\$ 1,090,665	\$ 3,440,592
Operating accounts payable	508,296	473,831
Scholarships payable	374,579	308,087
KSU Athletic Association, Inc. payable	-	27,970
	<u>\$ 1,973,540</u>	<u>\$ 4,250,480</u>

On July 26, 2023, the Foundation entered into a memorandum of understanding with the Kennesaw State University Athletic Association, Inc. (the "Athletic Association") under which the Athletic Association has made an unconditional promise to give in the amount of \$5,000,000 to the Foundation for the Athletics Capital Campaign on or before June 30, 2033. The unconditional promise to give is to be paid to the Foundation from annual sponsorship naming rights of the football stadium at the University via the Naming Rights Commitment signed on July 1, 2023 between the Athletic Association and Fifth Third Bank, NA. At June 30, 2026 and 2025, the Foundation has recorded in unconditional promises to give, net on the consolidated statements of financial position of \$2,864,928 and \$3,304,185, respectively, net of present value discount, related to this pledge.

On July 2, 2025, the Athletic Association entered into a memorandum of understanding with the Foundation under which the Athletic Association has made an unconditional promise to give in the amount of \$2,000,000 to the Foundation for the Athletics Capital Campaign on or before June 30, 2035. The unconditional promise to give is to be paid to the Foundation from annual sponsorship naming rights of the Convocation Center at the University via the Naming Rights Commitment signed on April 9, 2025, between the Association and VyStar Credit Union. At June 30, 2026, the Foundation has recorded in unconditional promises to give, net on the consolidated statement of financial position of \$1,557,320, net of present value discount, related to this pledge.

KENNESAW STATE UNIVERSITY FOUNDATION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2026 AND 2025

Note 15—Related party transactions (continued)

On November 27, 2024, the Foundation entered into a memorandum of understanding with the Athletic Association under which the Athletic Association has made an unconditional promise to give in the amount of \$500,000 to the Foundation for the Athletics Capital Campaign on or before June 30, 2029. The unconditional promise to give is to be paid to the Foundation from revenue generated under the Multimedia Rights Agreement between the Athletic Association and Van Wagner Sports & Entertainment, LLC dated November 26, 2024. The Foundation has recorded in unconditional promises to give, net on the consolidated statements of financial position of \$277,510 net of present value discount for the year ended June 30, 2026.

On May 1, 2025, the Foundation purchased an office building located at 500 Chastain Road, Kennesaw, Georgia for the use of the University. The purchase price of the office building was \$15,500,000. The University paid \$13,750,000 towards the purchase price and the Foundation contributed \$1,750,000. Title of the office building was then transferred to the Board of Regents of the University System of Georgia. The Foundation has reported its contribution towards the purchase price of the office building in grants and other assistance to organizations in the statement of functional expenses for the year ended June 30, 2025.

During the fiscal years ended June 30, 2026 and 2025, the Foundation paid directly to the University as a vendor \$13,240,409 and \$14,013,941, respectively.

Note 16—Subsequent events

The Foundation has evaluated subsequent events occurring through September 8, 2026, the date on which the consolidated financial statements were available to be issued.