GEORGIA STATE UNIVERSITY

Financial Report

For the Year Ended
June 30, 2013

Georgia State University

Atlanta, Georgia

President

Senior Vice President for Fiscal Affairs

GEORGIA STATE UNIVERSITY
ANNUAL FINANCIAL REPORT
FY 2013

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Introduction

Georgia State University is one of the 31 institutions of higher education of the University System of Georgia. The University, located in Atlanta, Georgia, was founded in 1913. The University offers baccalaureate, master and doctoral degrees in a wide variety of subjects. This wide range of educational opportunities attracts a highly qualified faculty and a student body of more than 32,000 students each year. The University continues to grow as shown by the comparison numbers that follow.

	Faculty	Students (Headcount)	Students (FTE)
Fiscal Year 2013	1,276	32,087	28,568
Fiscal Year 2012	1,221	32,022	28,374
Fiscal Year 2011	1,219	31,538	27,949

Overview of the Financial Statements and Financial Analysis

Georgia State University is pleased to present its financial statements for fiscal year 2013. The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2013 and fiscal year 2012, as restated.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The Statement of Net Position is a point-of-time financial statement. The Statement of Net Position presents a fiscal snapshot of Georgia State University. The Statement of Net Position presents end-of-year data concerning assets (current and non-current) plus deferred outflows, and liabilities (current and non-current) plus deferred inflows, and net position (assets plus deferred outflows minus liabilities plus deferred inflows). The differences between current and non-current assets are discussed in the Notes to the Financial Statements.

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

Finally, the Statement of Net Position provides a picture of the net position (assets plus deferred outflows of resources minus liabilities plus deferred inflows of resources) and their availability for expenditure by the institution. Net position is divided into three major categories. The first category, net investment in capital assets, provides the institution's equity in property, plant and equipment owned by the institution. The next category is restricted, which is divided into two categories, non-expendable and expendable.

The corpus of non-expendable, restricted resources is available only for investment purposes. Expendable, restricted resources are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted. Unrestricted resources are available to the institution for any lawful purpose.

Statement of Net Position, Condensed

	June 30, 2013	(Restated) June 30, 2012
Assets:		
Current Assets	$ 224,657,473	$ 193,743,348
Capital Assets, Net	816,950,835	812,135,465
Other Assets	7,023,440	6,719,749
Total Assets	$ 1,048,631,748	$1,012,598,562
Deferred Outflows of Resources	$ -	
Liabilities:		
Current Liabilities	$ 81,522,526	$ 67,770,158
Noncurrent Liabilities	376,022,248	394,180,037
Total Liabilities	$ 457,544,774	$ 461,950,195
Deferred Inflows of Resources	$ -	
Net Position:		
Net Investment in Capital Assets	$ 427,819,355	$ 416,501,692
Restricted		
Nonexpendable	57,340	52,941
Expendable	20,915,361	10,319,053
Capital Projects	1,200,000	1,200,000
Unrestricted	141,094,918	122,574,681
Total Net Position	$ 591,086,974	$ 550,648,367

Total assets increased by $36,033,186 which was primarily due to an increase of $30,914,125 in the category of Current Assets. The balance of the increase is due mainly to an increase of $52,327,936 in cash and a decrease of $22,587,944 in receivables.

Total liabilities decreased for the year by $4,405,421 . The combination of the increase in total assets of $36,033,186 and the decrease in total liabilities of $4,405,421 yields an increase in net position of $40,438,607 . The increase in net position is primarily in the category of Current Assets, in the amount of $30,914,125 .

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example state appropriations are non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods and services for those revenues.

Statement of Revenues, Expenses and Changes in Net Position, Condensed

	June 30, 2013	(Restated) June 30, 2012
Operating Revenues	$ 398,168,556	$ 372,325,975
Operating Expenses	592,305,276	567,604,082
Operating Loss	$(194,136,720)	$(195,278,107)
Nonoperating Revenues and Expenses	220,376,175	202,403,977
Income (Loss) Before other Revenues, Expenses, Gains or Losses	$ 26,239,455	$ 7,125,870
Other Revenues, Expenses, Gains or Losses	14,199,152	12,815,919
Increase in Net Position	$ 40,438,607	$ 19,941,789
Net Position at Beginning of Year, as originally reported	550,648,367	531,153,207
Prior Year Adjustments	-	(446,629)
Net Position at Beginning of Year, Restated	$ 550,648,367	$ 530,706,578
Net Position at End of Year	$ 591,086,974	$ 550,648,367

The Statement of Revenues, Expenses and Changes in Net Position reflect a positive year, which is represented by an increase in net position at the end of the year. Some highlights of the information presented on this statement are as follows:

Revenue by Source
For the Years Ended June 30, 2013 and June 30, 2012

	June 30, 2013	(Restated) June 30, 2012
Operating Revenue		
Tuition and Fees	$ 225,375,296	$ 214,959,743
Federal Appropriations	-	-
Grants and Contracts	76,792,933	70,906,414
Sales and Services	22,952,272	20,481,458
Auxiliary	70,552,589	63,601,079
Other	2,495,466	2,377,281
Total Operating Revenue	$ 398,168,556	$ 372,325,975
Nonoperating Revenue		
State Appropriations	$ 178,932,830	$ 164,945,293
Grants and Contracts	61,160,554	60,724,223
Gifts	4,889,999	131,615
Investment Income	744,212	1,276,287
Other	(662,991)	(1,065,270)
Total Nonoperating Revenue	$ 245,064,604	$ 226,012,148
Capital Gifts and Grants		
State	$ 13,778,117	$ 12,699,013
Other Capital Gifts and Grants	421,035	116,906
Total Capital Gifts and Grants	$ 14,199,152	$ 12,815,919
Total Revenues	$ 657,432,312	$ 611,154,042

Expenses (By Functional Classification)
For the Years Ended June 30, 2013 and June 30, 2012

	June 30, 2013	(Restated) June 30, 2012
Operating Expenses		
Instruction	$ 202,840,128	$ 199,291,596
Research	105,397,920	98,671,900
Public Service	18,318,197	19,982,529
Academic Support	65,714,588	65,059,945
Student Services	33,445,932	30,529,806
Institutional Support	34,366,598	30,679,081
Plant Operations and Maintenance	52,029,806	46,583,021
Scholarships and Fellowships	23,798,241	21,599,489
Auxiliary Enterprises	56,393,866	55,206,715
Total Operating Expenses	$ 592,305,276	$ 567,604,082
Nonoperating Expenses		
Interest Expense (Capital Assets)	24,688,429	23,608,171
Total Expenses	$ 616,993,705	$ 591,212,253

Operating revenues increased by $25,842,581 or 7% in fiscal 2013. Tuition & Fees had a $10,415,553 or 5% increase, revenues also increased in Grants and Contracts by $5,886,519 or 8%, Auxiliary by $6,951,510 or 11% and Sales and Services by $2,470,814 or 12%.

The growth in Grants and Contracts resulted from expected growth in research which is part of the University's Strategic Plan. The growth in Tuition & Fees is due to the increase in student fees along with an increase in student enrollment and the growth in Auxiliary is attributed to increased enrollment as well.

Nonoperating revenues increased by
$19,052,456
or 9% for the year primarily due to an increase in State Appropriations of $13,987,537 or 8% and an increase in Gifts of $4,758,384 . The Gifts increase was related to a large gift for the new Law School building.

The compensation and employee benefits category increased by $8,195,892 or 2% primarily in the area of Research.

Utilities increased by $1,501,631 or 9% during the past year. The increase was primarily associated with increased electricity and water costs and the incorporation of the SunTrust building into campus.

Statement of Cash Flows

The final statement presented by Georgia State University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Cash Flows for the Years Ended June 30, 2013 and 2012, Condensed

	June 30, 2013	(Restated) June 30, 2012
Cash Provided (used) By:		
Operating Activities	$(126,791,043)	$(155,161,380)
Non-capital Financing Activities	244,588,135	226,314,697
Capital and Related Financing Activities	(65,640,571)	(51,381,028)
Investing Activities	739,833	1,220,543
Net Change in Cash	$ 52,896,354	$ 20,992,832
Cash, Beginning of Year	130,810,033	109,817,201
Cash, End of Year	$ 183,706,387	$ 130,810,033

Capital Assets

The University had two significant capital asset additions for facilities in fiscal year 2013. The acquisition of the Atlanta Life Building for $8,912,204 and the improvements and additions to the Piedmont North Upgrade for $2,485,189.

Georgia State University also completed three major IT infrastructure projects. The IT Refresh Extreme Network Systems for $2,436,245, the Fiber Optic for $2,949,535, and the Data Center IT Upgrades for $2,088,035.

For additional information concerning Capital Assets, see Notes 1, 6, 8, and 10 in the Notes to the Financial Statements.

Long Term Liabilities

Georgia State University had Long-Term Liabilities of $392,497,725 of which $16,475,477 was reflected as current liability at June 30, 2013.

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

Component Units

In compliance with GASB Statement No. 39, Georgia State University has included the financial statements and notes for all required component units for FY2013. The Georgia State University Foundation, Inc. had endowment and other investments of $205 million, investment in Direct Financing Leases (net) of $240.55 million, bonds payable of $247.31 million, current obligation under capital leases of $0.63 million, and long term obligation under capital leases of $2.68 million as of June 30, 2013. The Georgia State University Research Foundation had endowment and other investments of $4.5 million and bonds payable of $87.9 million. Details are available in Note 1, Summary of Significant Accounting Policies and Note 16, Component Units.

Economic Outlook

The University anticipates the current fiscal year will be challenging with a flat budget projected at the state level, but we will continue to maintain a close watch over resources providing the University with the flexibility to react to internal and external situations that may develop. The University's overall financial position is strong.

Mark P. Becker, President
Georgia State University

GEORGIA STATE UNIVERSITY
STATEMENT OF NET POSITION
June 30, 2013

	GEORGIA STATE UNIVERSITY	Affiliated Organization Georgia State University Foundation	Affiliated Organization Georgia State University Research Foundation
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 182,854,822	$ 3,288,663	$ 5,491,933
Short-term Investments	-	-	12,865,859
Accounts Receivable, net (note 3)			
Receivables - Federal Financial Assistance	12,931,680	-	-
Receivables - Other	14,808,971	218,410	8,637,129
Due From Affiliated Organizations	9,529,918	-	-
Net Investment in Capital Leases - (PPV Only)	-	-	-
Net Investment in Capital Leases - Other	-	19,268,160	5,962,333
Pledges Receivable	-	5,897,051	-
Due From Primary Government	-	-	2,049,609
Inventories (note 4)	440,347	-	-
Prepaid items	3,958,869	232,475	3,665,691
Other Assets	132,866	-	-
Total Current Assets	$ 224,657,473	$ 28,904,759	$ 38,672,554
Noncurrent Assets			
Noncurrent Cash	$ 851,565	-	-
Short-term Investments	57,340	$ 26,246,077	-
Investments (Externally Restricted)	1,884	113,496,033	-
Investments	-	65,437,875	$ 4,477,457
Notes Receivable, net	6,112,651	-	-
Net Investment in Capital Leases - PPV	-	-	
Net Investment in Capital Leases - Other	-	221,285,288	78,522,127
Pledges Receivable	-	3,761,840	-
Capital Assets, net (note 6)	816,950,835	10,262,417	5,733,063
Other Assets	-	10,076,338	997,263
Total Noncurrent Assets	$ 823,974,275	$ 450,565,868	$ 89,729,910
TOTAL ASSETS	$ 1,048,631,748	$ 479,470,627	$ 128,402,464

Statement of Net Position, Continued

LIABILITIES			
Current Liabilities			
Accounts Payable	$ 21,426,268	$ 3,652,049	$ 2,484,743
Salaries Payable	996,560	-	-
Contracts Payable	845,785	-	-
Deposits	17,267	-	-
Deferred Revenue (note 7)	38,424,489	751,142	3,550,567
Other Liabilities	141,472	-	-
Deposits Held for Other Organizations	1,145,599	888,090	-
Due to Primary Government	-	675,333	8,854,585
Lease Purchase Obligations (current portion)	8,124,339	632,373	-
Estimated Third-Party Payor Settlements	-	-	-
Compensated Absences (current portion)	8,351,138	-	-
Revenue/Mortgage Bonds Payable (current)	-	6,065,000	1,605,000
Liabilities under Split-Interest Agreements (current)	-	46,760	-
Due to Affiliated Organizations	2,049,609	4,347,553	9,453
Total Current Liabilities	$ 81,522,526	$ 17,058,300	$ 16,504,348
Noncurrent Liabilities			
Lease Purchase Obligations (noncurrent)	$ 371,549,455	$ 2,678,402	$ 3,135
Deferred Revenue (noncurrent)	-	22,526,542	-
Compensated Absences (noncurrent)	4,472,793	-	-
Revenue/Mortgage Bonds Payable (noncurrent)	-	241,248,317	86,337,854
Liabilities under Split-Interest Agreements (noncurrent)	-	201,910	-
Total Noncurrent Liabilities	$ 376,022,248	$ 266,655,171	$ 86,340,989
TOTAL LIABILITIES	$ 457,544,774	$ 283,713,471	$ 102,845,337
NET POSITION			
Net Investment in Capital Assets	$ 427,819,355	$ 28,777,798	$ 5,729,928
Restricted for			
Nonexpendable	57,340	92,001,157	2,000,000
Expendable	20,915,361	61,306,474	7,763,188
Capital Projects	1,200,000	-	-
Unrestricted	141,094,918	13,671,727	10,064,011
TOTAL NET POSITION	$ 591,086,974	$ 195,757,156	$ 25,557,127

Statement of Revenues, Expenses and Changes in Net Position

GEORGIA STATE UNIVERSITY

STATEMENT of REVENUES, EXPENSES, and CHANGES in NET POSITION

For the Year Ended June 30, 2013

		Affiliated Organization	Affiliated Organization
	GEORGIA STATE UNIVERSITY	Georgia State University Foundation	Georgia State University Research Foundation
REVENUES			
Operating Revenues			
Student Tuition and Fees (net of allowance for doubtful accounts)	$ 277,344,750	-	-
Less: Scholarship Allowances	(51,969,454)	-	-
Gifts and Contributions	-	$ 10,782,606	-
Endowment Income (per spending plan)	-	4,517,152	-
Grants and Contracts			
Federal	54,298,083	-	$ 45,540,693
Federal Stimulus	1,152,219	-	1,150,809
State	4,368,518	-	762,352
Other	16,974,113	-	7,695,328
Sales and Services	22,952,272	338,892	-
Rents and Royalties	33,643	22,483,383	307,037
Auxiliary Enterprises		-	
Residence Halls	27,435,328	-	-
Bookstore	909,259	-	-
Food Services	7,274,991	-	-
Parking/Transportation	8,379,616	-	-
Health Services	2,404,112	-	-
Intercollegiate Athletics	18,075,057	-	-
Other Organizations	6,074,226	-	-
Other Operating Revenues	2,461,823	11,266,364	4,686,110
Total Operating Revenues	$ 398,168,556	$ 49,388,397	$ 60,142,329
EXPENSES			
Operating Expenses			
Salaries:			
Faculty	$ 115,015,273	-	-
Staff	184,974,021	-	-
Employee Benefits	73,982,674	-	-
Other Personal Services	1,214,663	-	-
Travel	5,446,616	$ 838,280	-
Scholarships and Fellowships	32,077,327	-	-
Utilities	17,483,545	-	-
Supplies and Other Services	119,495,117	1,936,672	$ 2,547,297
Depreciation	42,616,040	193,365	477,299
Payments to or on behalf of College or University	-	20,722,924	53,483,659
Total Operating Expenses	$ 592,305,276	$ 23,691,241	$ 56,508,255
Operating Income (loss)	$ (194,136,720)	$ 25,697,156	$ 3,634,074

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

NONOPERATING REVENUES (EXPENSES)			
State Appropriations	$ 178,932,830	-	-
Grants and Contracts	-	-	-
Federal	56,573,202	-	-
Other	4,587,352	-	-
Gifts	4,889,999	-	-
Investment Income (endowments, auxiliary and other)	744,212	$ 7,018,064	$ 752,056
Interest Income	-	-	-
Interest Expense (capital assets)	(24,688,429)	(11,522,784)	(4,356,908)
Combined Margin Allocation	-	-	-
Other Nonoperating Revenues	(662,991)	-	1,747,365
Net Nonoperating Revenues	$ 220,376,175	$ (4,504,720)	$ (1,857,487)
Income before other revenues, expenses, gains, or loss	$ 26,239,455	$ 21,192,436	$ 1,776,587
Capital Grants and Gifts			
State	$ 13,778,117	-	-
Other	421,035	-	-
Loss on Bond Retirement	-	-	-
Additions to permanent endowments	-	$ 1,205,932	-
Total Other Revenues	$ 14,199,152	$ 1,205,932	$ -
Increase in Net Position	$ 40,438,607	$ 22,398,368	$ 1,776,587
NET POSITION			
Net Position-beginning of year, as originally reported	$ 561,607,434	$ 173,358,788	$ 23,780,540
Prior Year Adjustments	(10,959,067)	-	-
Net Position-beginning of year, restated	$ 550,648,367	$ 173,358,788	$ 23,780,540
Net Position-End of Year	$ 591,086,974	$ 195,757,156	$ 25,557,127

Statement of Cash Flows

For the Year Ended June 30, 2013

	June 30, 2013	(Restated) June 30, 2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	$ 222,818,131	$ 216,234,543
Grants and Contracts (Exchange)	78,162,925	76,990,172
Sales and Services	22,952,272	20,481,458
Payments to Suppliers	(212,711,470)	(200,186,793)
Payments to Employees	(299,111,211)	(304,592,411)
Payments for Scholarships and Fellowships	(32,077,327)	(30,111,420)
Loans Issued to Students and Employees	(1,710,664)	(10,015,139)
Collection of Loans to Students and Employees	1,979,770	9,579,828
Auxiliary Enterprise Charges:		
Residence Halls	27,537,862	24,704,292
Bookstore	950,702	961,963
Food Services	7,310,364	5,718,936
Parking/Transportation	8,405,744	6,851,409
Health Services	2,048,085	2,644,545
Intercollegiate Athletics	17,271,608	18,745,994
Other Organizations	5,694,257	4,465,762
Other Receipts (payments)	23,687,909	2,365,481
Net Cash Provided (used) by Operating Activities	$ (126,791,043)	$ (155,161,380)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State Appropriations	$ 178,932,830	$ 164,945,293
Federal Stimulus - Stabilization Funds		-
Agency Funds Transactions	(185,879)	48,118
Gifts and Grants Received for Other Than Capital Purposes	65,841,184	61,321,286
Net Cash Flows Provided by Non-capital Financing Activities	$ 244,588,135	$ 226,314,697
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Gifts and Grants Received	$ 13,778,117	$ 15,331,506
Proceeds from Sale of Capital Assets	545	37,023
Purchases of Capital Assets	(47,848,846)	(39,182,339)
Principal Paid on Capital Debt and Leases	(6,881,958)	(5,705,060)
Interest Paid on Capital Debt and Leases	(24,688,429)	(21,862,158)
Net Cash used by Capital and Related Financing Activities	$ (65,640,571)	$ (51,381,028)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	$ 55,985	$ 1,151
Interest on Investments	744,212	1,276,287
Purchase of Investments	(60,364)	(56,895)
Net Cash Provided (used) by Investing Activities	$ 739,833	$ 1,220,543
Net Increase/Decrease in Cash	$ 52,896,354	$ 20,992,832
Cash and Cash Equivalents - Beginning of year	130,810,033	109,817,201
Cash and Cash Equivalents - End of Year	$ 183,706,387	$ 130,810,033

Statement of Cash Flows, Continued

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating Income (loss)	$ (194,136,720)	$ (195,278,107)
Adjustments to Reconcile Net Income (loss) to Net Cash Provided (used) by Operating Activities		
Depreciation	42,616,040	37,945,614
Change in Assets and Liabilities:		
Receivables, net	23,203,945	3,900,764
Inventories	(187,279)	476
Other Assets	(132,866)	
Prepaid Items	(853,988)	(122,661)
Notes Receivable, Net	269,105	(435,311)
Accounts Payable	4,013,997	(2,069,675)
Deferred Revenue	(2,724,516)	1,806,203
Other Liabilities	470,235	(458,528)
Compensated Absences	671,004	(450,155)
Net Cash Provided (used) by Operating Activities	$ (126,791,043)	$ (155,161,380)

** NON-CASH INVESTING, NON-CAPITAL FINANCING, AND CAPITAL AND RELATED FINANCING TRANSACTIONS

Fixed assets acquired by incurring capital lease obligations	$ 538,615	$ 66,242,958
Refinance of capital debt resulting in a decrease in capital lease obligations	$ 9,616,636	
Gift of capital assets reducing proceeds of capital gifts and grants	$ 421,035	$ 203,497

GEORGIA STATE UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies

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

Reporting Entity
Georgia State University is one of thirty-one (31) State supported member institutions of higher education in Georgia which comprise the University System of Georgia, an organizational unit of the State of Georgia. The accompanying financial statements reflect the operations of Georgia State University as a separate reporting entity.

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

Legally separate, tax exempt Affiliated Organizations whose activities primarily support units of the University System of Georgia, which are organizational units of the State of Georgia, are considered potential Component Units of the State. Affiliated organizations are included in the reporting entity because of the significance of their operational or financial relationships with Georgia State University. For fiscal year 2013, Georgia State University Foundation, and the Georgia State University Research Foundation are presented as affiliated organizations. See Note 16, Affiliated Organizations, for additional information.

Financial Statement Presentation
The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the GASB and are presented as required by these standards to provide a comprehensive, entity-wide perspective of the University's assets, liabilities, net position, revenues, expenses, changes in net position and cash flows.

Basis of Accounting
For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and

expenses are recorded when an obligation has been incurred. All significant intra-University transactions have been eliminated.

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

New Accounting Pronouncements
In fiscal year 2013, the College/University adopted the Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The provisions of this Statement establish accounting and financial reporting standards for governments who enter into Service Concession Arrangements (SCA) with other governmental or nongovernmental entities

In fiscal year 2013, the College/University adopted the Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement incorporate certain accounting and financial reporting guidance into authoritative GASB literature.

In fiscal year 2013, the College/University adopted the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The provisions of this Statement establish financial reporting standards for the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

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

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

Investments
Investments include financial instruments with terms in excess of 13 months, certain other securities for the production of revenue, land, and other real estate held as investments by endowments. The University accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses and Changes in Net Position. The Board of Regents Legal Fund, the Board of Regents Balanced Income Fund, the Board of Regents Total Return Fund, the Board of Regents Diversified Fund, and the Georgia Extended Asset Pool are included under Investments.

Accounts Receivable
Accounts receivable consists of tuition and fees charged to students and auxiliary enterprise services provided to students, faculty and staff, the majority of whom reside in the State of

Georgia. Accounts receivable also includes amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories
Consumable supplies and Resale Inventories are valued at cost using an average-cost basis.

Prepaid Items
Payments made to vendors for services that will benefit periods subsequent to June 30, 2013, are recorded as prepaid items.

Noncurrent Cash and Investments
Cash and investments that are externally restricted and cannot be used to pay current liabilities are classified as noncurrent assets in the Statement of Net Position.

Capital Assets
Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that exceed $100,000 and/or significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation, which also includes amortization of intangible assets such as water, timber, and mineral rights, easements, patents, trademarks, and copyrights, as well as software, is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 60 years for buildings, 20 to 25 years for infrastructure and land improvements, 10 years for library books, and 3 to 20 years for equipment. Residual values generally are 10% of historical costs for infrastructure, buildings and building improvements, and facilities and other improvements.

To fully understand plant additions in the University System, it is necessary to look at the activities of the Georgia State Financing and Investment Commission (GSFIC) – an organization that is external to the System. GSFIC issues bonds for and on behalf of the State of Georgia, pursuant to powers granted to it in the Constitution of the State of Georgia and the Act creating the GSFIC. These bonds constitute direct and general obligations of the State of Georgia, to the payment of which the full faith, credit and taxing power of the State are pledged.

For projects managed by GSFIC, GSFIC retains construction-in-progress on its books throughout the construction period and transfers the entire project to the University when complete. For projects managed by the University, the University retains construction-in-progress on its books and is reimbursed by GSFIC. For the year ended June 30, 2013, GSFIC did not transfer any capital additions to Georgia State University.

Deferred Revenues
Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses and Changes in Net Position. Georgia State University had accrued liability for compensated absences in the amount of $12,152,927 as of July 1, 2012. For fiscal year 2013, $9,804,444 was earned in compensated absences and employees were paid $9,133,440, for a net increase of $671,004. The ending balance as of June 30, 2013 in accrued liability for compensated absences was $12,823,931.

Noncurrent Liabilities

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

Service Concession Agreements

Georgia State University does not have any service concession agreements.

Net Position

The University's net position is classified as follows:

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

Restricted – non-expendable includes endowment and similar type funds, in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be either expended or added to principal. The University may accumulate as much of the annual net income of an institutional fund as is prudent under the standard established by Code Section 44-15-7 of Annotated Code of Georgia.

Restricted – expendable includes resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Expendable Restricted include the following at June 30, 2013:

	June 30, 2013	June 30, 2012
Restricted - E&G and Other Organized Activities	$ 14,250,335	$ 3,666,554
Federal Loans	6,581,388	6,537,020
Institutional Loans	83,638	115,479
Total Restricted Expendable	$ 20,915,361	$ 10,319,053

Restricted – expendable – Capital Projects: This represents resources for which the University is legally or contractually obligated to spend resources for capital projects in accordance with restrictions imposed by external third parties.

Unrestricted: Unrestricted represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for those purposes, except for unexpended state appropriations (surplus). Unexpended state appropriations must be refunded to the Board of Regents of the University System of Georgia, University System Office for remittance to the Office of the State Treasurer. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

Unrestricted resources include the following items which are quasi-restricted by management at June 30, 2013:

	June 30, 2013	June 30, 2012
R & R Reserve	$ 16,850,611	$ 13,433,808
Reserve for Encumbrances	35,348,658	33,289,620
Reserve for Inventory	261,492	212,926
Other Unrestricted	88,634,157	75,638,327
Total Unrestricted Net Position	$ 141,094,918	$ 122,574,681

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense towards unrestricted resources, and then towards restricted resources.

Income Taxes

Georgia State University, as a political subdivision of the State of Georgia, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classification of Revenues and Expenses

The Statement of Revenues, Expenses and Changes in Net Position classify fiscal year activity as operating and non-operating according to the following criteria:

Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) certain federal, state and local grants and contracts, and (3) sales and services.

Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenue by GASB No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, such as state appropriations and investment income.

Operating Expenses: Operating expense includes activities that have the characteristics of exchange transactions.

Non-operating expense includes activities that have the characteristics of non-exchange transactions, such as capital financing costs and costs related to investment activity.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported at gross with a contra revenue account of scholarship allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or non-governmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded contra revenue for scholarship allowances.

Restatement of Prior Year Net Position

Georgia State University has a restatement of prior year net assets, decreasing net assets by $10,959,068. This is due to a correction of one prior year misstatement regarding work-in-progress as well as a change in accounting principle necessitating adjustments made to bring capital lease liabilities and related asset values consistent with the Georgia State University Foundation's asset values in accordance with GASB No. 61. An aggregate adjustment to work-in-process was made to increase net assets by $1,740,938 to correct an error made in its calculation in the prior year. An adjustment to align capital lease liabilities and asset values with the values stated by the Foundation in accordance with GASB No. 61 resulted in a decrease in prior year capital assets of $4,637,180 and an increase in lease liability of $8,985,806 for a net decrease of $13,622,986 to net assets. Additionally, an increase in net assets and a decrease in accumulated depreciation of $922,981 aligned the values with those stated by the Foundation in accordance with GASB No. 61.

Note 2. Deposits and Investments

Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be recovered. Funds belonging to the State of Georgia (and thus the University) cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

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

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

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

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

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

6. Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

The Treasurer of the Board of Regents is responsible for all details relative to furnishing the required depository protection for all units of the University System of Georgia.

At June 30, 2013, the carrying value of deposits was $31,513,098 and the bank balance was $37,855,599. Of the University's deposits, $37,605,599 were uninsured. Of these uninsured deposits, $0 were collateralized with securities held by the financial institution's trust department or agent in the University's name, $37,605,599 were collateralized with securities held by the financial institution, by its trust department or agency, but not in the University's name and $0 were uncollateralized.

Investments
At June 30, 2013, the carrying value of the University's investments was $152,229,243, which is materially the same as fair value. These investments were comprised entirely of funds invested in the Board of Regents and/or Office of the State Treasurer investment pools as follows:

Investment Pools		
Board of Regents		
Short-Term Fund	$	69,857,841
Legal Fund		
Balanced Income Fund		
Total Return Fund		
Diversified Fund		59,224
Sub Total	$	69,917,065
Office of the State Treasurer		
Georgia Fund 1	$	71,556,125
Georgia Extended Asset Pool		10,756,053
Sub Total	$	82,312,178
Total Investment Pools	$	152,229,243.0

The Board of Regents Investment Pool is not registered with the Securities and Exchange Commission as an investment company. The fair value of investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest that it earns. Participation in the Board of Regents Investment Pool is voluntary. The Board of Regents Investment Pool is not rated. Additional information on the Board of Regents Investment Pool is disclosed in the audited Financial Statements of the Board of Regents of the University System of Georgia - System Office (oversight unit). This audit can be obtained from the Georgia Department of Audits and Accounts - Education Audit Division or on their web site at http://www.audits.ga.gov.

The Georgia Fund 1 Investment Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. This investment is valued at the pool's share price, $1.00 per share. The Georgia Fund 1 Investment Pool is an AAAf rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is 43 days.

The Georgia Extended Asset Pool, managed by the Office of the State Treasurer, is not registered with the Securities and Exchange Commission as an investment company. Net Asset Value (NAV) is calculated daily to determine current share price, which was $2.00 at June 30, 2013. The Georgia Extended Asset Pool is an AA+f rated investment pool by Standard and Poor's. The Weighted Average Maturity of the Fund is .26 years.

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The University's policy for managing interest rate risk is to comply with University policy and applicable Federal and State laws. The University's

policy for managing interest rate risk for Endowment Funds is that the average maturity of the fixed income portfolio shall not exceed ten years and for Operating Funds the average maturity of the fixed income portfolio shall not exceed two years.

The Effective Duration of the Short Term Fund is .56 years. Of the University's total investment of $69,857,841 in the Short Term Fund, $61,285,585 is invested in debt securities.

The Effective Duration of the Diversified Fund is 5.43 years. Of the University's total investment of $59,225 in the Diversified Fund, $18,952 is invested in debt securities.

Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's policy for managing credit quality risk is to comply with University policy and applicable Federal and State laws.

The University's policy for managing credit quality risk is that all debt issues must be investment grade with ratings of at least BBA by Moody's and Standard and Poor's at the time of purchase as defined by the University System of Georgia. The Georgia Fund 1 investment is rated AAA by Standard and Poor's. The Georgia Extended Asset Pool is an AA+ rated investment pool by Standard and Poor's. As previously stated, the Board of Regents Total Return Fund Investment is not rated.

Note 3. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2013:

	June 30, 2013	June 30, 2012
Student Tuition and Fees	$ 11,867,660	$ 8,184,740
Auxiliary Enterprises and Other Operating Activities	1,878,266	1,478,977
Federal Financial Assistance	12,931,680	33,673,982
Due from Georgia State Financing and Investment Commission	3,064,954	2,582,718
Due from Affiliated Organizations	10,455,400	16,669,043
	$ 40,197,960	$ 62,589,460
Less: Allowance for Doubtful Accounts	2,927,391	2,730,947
Net Accounts Receivable	$ 37,270,569	$ 59,858,513

Note 4. Inventories

Inventories consisted of the following at June 30, 2013:

	June 30, 2013	June 30, 2012
Physical Plant	$ 320,457	$ 202,526
Other	119,890	50,542
Total	$ 440,347	$ 253,068

Note 5. Notes/Loans Receivable

The Federal Perkins Loan Program (the Program) comprises substantially all of the loans receivable at June 30, 2013. The Program provides for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. The Federal government reimburses the University for amounts cancelled under these provisions. As the University determines that loans are uncollectible and not eligible for reimbursement by the Federal government, the loans are written off and assigned to the U. S. Department of Education. The University has provided an allowance for uncollectible loans, which, in management's opinion, is sufficient to absorb loans that will ultimately be written off. At June 30, 2013, the allowance for uncollectible loans was approximately $6,117.

Note 6. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2013:

	(Restated) Beginning Balances July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013
Capital Assets, Not Being Depreciated:				
Land	$ 88,704,816	-	-	$ 88,704,816
Capitalized Collections	221,093	$ 14,607	$ 4,000	231,700
Construction Work-in-Progress	17,478,797	21,301,075	21,194,965	17,584,907
Total Capital Assets Not Being Depreciated	$ 106,404,706	$ 21,315,682	$21,198,965	$ 106,521,423
Capital Assets, Being Depreciated/Amortized:				
Infrastructure	$ 16,128,132	$ 10,699,322	-	$ 26,827,454
Building and Building Improvements	838,544,290	20,236,690	-	858,780,980
Facilities and Other Improvements	7,971,971	1,172,710	$ 82,670	9,062,011
Equipment	84,624,881	9,648,417	4,145,167	90,128,131
Capital Leases	2,137,077	538,615	826,575	1,849,117
Library Collections	126,697,003	6,751,772	834,205	132,614,570
Total Capital Assets Being Depreciated/Amortized	$1,076,103,354	$ 49,047,526	$ 5,888,617	$1,119,262,263
Less: Accumulated Depreciation/Amortization				
Infrastructure	$ 4,169,073	$ 1,167,090	-	$ 5,336,163
Buildings	211,736,162	25,828,828	-	237,564,990
Facilities and Other Improvements	1,372,168	396,293	$ 74,403	1,694,058
Equipment	55,968,562	8,770,401	2,551,125	62,187,838
Capital Leases	1,145,013	380,030	696,051	828,992
Library Collections	95,981,617	6,073,398	834,205	101,220,810
Total Accumulated Depreciation/Amortization	$ 370,372,595	$ 42,616,040	$ 4,155,784	$ 408,832,851
Total Capital Assets, Being Depreciated/Amortized, Net	$ 705,730,759	$ 6,431,486	$ 1,732,833	$ 710,429,412
Capital Assets, net	$ 812,135,465	$ 27,747,168	$22,931,798	$ 816,950,835

Note 7. Deferred Revenue

Deferred revenue consisted of the following at June 30, 2013:

	June 30, 2013	June 30, 2012
Prepaid Tuition and Fees	$ 18,072,022	$ 17,121,732
Research	6,263,913	7,006,768
Other Deferred Revenue	14,088,554	6,812,867
Totals	$ 38,424,489	$ 30,941,367

Note 8. Long Term Liabilities

Long-Term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance July 1, 2012 (Restated)	Additions	Reductions	Ending Balance June 30, 2013	Current Portion
Leases					
Lease Purchase Obligations	$ 395,633,773	$ 538,615	$ 16,498,594	$ 379,673,794	$ 8,124,339
Other Liabilities					
Compensated Absences	12,152,927	9,804,444	9,133,440	12,823,931	8,351,138
Total Long-Term Obligations	$ 407,786,700	$ 10,343,059	$ 25,632,034	$ 392,497,725	$ 16,475,477

Note 9. Significant Commitments

The University had significant unearned, outstanding, construction or renovation contracts executed in the amount of $23,888,974 as of June 30, 2013. This amount is not reflected in the accompanying basic financial statements.

Note 10. Lease Obligations

Georgia State University is obligated under various operating leases for the use of real property (land, buildings, and office facilities) and equipment, and it is also obligated under capital leases and installment purchase agreements for the acquisition of real property.

Capital Leases

Capital leases are generally payable in installments ranging from monthly to annually and have terms expiring in various years between 2012 and fiscal year 2045. Expenditures for fiscal year 2013 were $31.6 million of which $24.7 million represented interest. Total principal paid on capital leases was $6.9 million for the fiscal year ended June 30, 2013. Interest rates range up to 8.6 percent. The following is a summary of the carrying values of assets held under capital lease at June 30, 2013:

Description	Gross Amount	Accumulated Depreciation	Net, Assets Held Under Capital Lease at June 30, 2013	Outstanding Balances per lease schedules at June 30, 2013
	(+)	(-)	(=)	
Infrastructure	$ 2,657,104	$ (831,590)	$ 1,825,514	-
Infrastructure - (PPV Only)				
Equipment	1,849,117	(832,766)	1,016,351	$ 730,658
Buildings	41,088,341	(11,151,708)	29,936,633	37,568,075
Buildings - (PPV Only)	367,014,930	(42,286,526)	324,728,404	341,375,061
Total Assets Held Under Capital Lease at June 30, 2013	$ 412,609,492	$ (55,102,590)	$ 357,506,902	$ 379,673,794

Georgia State University has eight capital leases associated with buildings. In July 2001, Georgia State University entered into a capital lease valued at $29,442,679 with a nominal interest rate of 8.575 percent with the Georgia State University Foundation (Foundation), whereby the University leases the Student Recreation Center for a twenty-year period that began July 2001 and expires June 2021. In March 2000, the University entered into a capital lease valued at $11,500,373 with a nominal interest rate of 7.081 percent with the Foundation, whereby the University leases the Alpharetta Center for a twenty-year period that began March 2000 and expires February 2020. In January 2005, the University entered into a capital lease valued at $39,965,234 with a nominal interest rate of 7.362 percent with the Foundation, whereby the University leases the Lofts for a twenty-seven-year period that began January 2005 and expires August 2032. In August 2007, Georgia State University entered into a capital lease valued at $150,525,574 for a new dormitory complex with a nominal interest rate of 4.392 percent with the Foundation, whereby the University leases the University Commons for a thirty-three-year period that began August 2007 and expires June 2039. In December 2009, the University entered into a capital lease valued at $1,041,646 with a nominal interest rate of 6.937 percent with the Foundation, whereby the University leases the ground of the Rialto Center for a thirty-five-year period that began December 2009 and expires November 2044. In May 2010, the University entered into a capital lease valued at $85,853,469 with a nominal interest rate of 5.378 percent with the Georgia State University Research Foundation, whereby the University leases the Petit Science Center for a thirty-year period that began May 2010 and expires June 2039. In 2010, the University entered into a capital lease valued at $16,109,603 with a nominal interest rate of 6.477 percent with the USG Real Estate Foundation for the Freshman Housing building for a thirty-year period that began July 2010 and expires June 2040. In 2012, the University took possession of the SunTrust building and complex and began making lease payments under a capital lease originally entered into in June 2007 valued at $65,483,384 with a nominal interest rate of 8.030 percent with the Foundation, whereby the University leases the SunTrust building and complex for a thirty-year period that began June 2007 and expires June 2037. The outstanding principal liability at June 30, 2013 on these capital building leases is $19,615,781, $6,310,520, $36,554,996, $149,629,873, $1,013,079, $84,484,460, $16,337,154, and $64,997,274, respectively. The monthly payments for these leases increase pursuant to a pre-agreed increase schedule or by the greater of 1.25 percent or the percentage change in CPI.

As of June 30, 2012, in accordance with GASB No. 61, Georgia State University restated the original principal capital lease amounts and interest rates for the Student Recreation Center, Alpharetta Center, University Commons, Petit Science Center and Freshman Housing capital leases to align the asset values with the asset values stated by the Foundation.

Georgia State University also has various capital leases for equipment with an outstanding principal balance at June 30, 2013 in the amount of $730,658.

Operating Leases

Georgia State University's noncancellable operating leases having remaining terms of more than one year expire in various fiscal years from 2013 through 2019. Certain operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. All agreements are cancellable if the State of Georgia does not provide adequate funding, but that is considered a remote possibility. In the normal course of business, operating leases are generally renewed or replaced by other leases. Operating leases are generally payable on a monthly basis. Examples of property under operating leases are copiers and other small business equipment. In addition, the University is party to several real property operating leases for floor space in several buildings.

Future Commitments

Future commitments for capital leases (which here and on the Statement of Net Assets include other installment purchase agreements) and for noncancellable operating leases having remaining terms in excess of one year as of June 30, 2013, were as follows:

	Real Property and Equipment	
	Capital Leases	Operating Leases
Year Ending June 30:		
2014	$ 30,513,581	$ 2,397,678
2015	30,898,029	2,208,529
2016	31,292,097	2,270,547
2017	31,667,464	325,945
2018	32,138,320	301,669
2019 through 2023	152,072,438	309,964
2024 through 2028	141,724,149	-
2029 through 2033	142,124,459	-
2034 through 2038	100,897,326	-
2039 through 2043	9,228,669	-
2040 through 2044	112,348	
Total minimum lease payments	$ 702,668,880	$ 7,814,332
Less: Interest	322,995,086	
Less: Executory costs (if paid)		
Principal Outstanding	$ 379,673,794	

Georgia State University's fiscal year 2013 expense for rental of real property and equipment under operating leases was $6,263,957.

Note 11. Retirement Plans

Georgia State University participates in various retirement plans administered by the State of Georgia under two major retirement systems: Employees' Retirement System of Georgia (ERS System) and Teachers Retirement System of Georgia. These two systems issue separate publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective system offices. The significant retirement plans that Georgia State University participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law.

Employees' Retirement System of Georgia

The ERS System is comprised of individual retirement systems and plans covering substantially all employees of the State of Georgia except for teachers and other employees covered by the Teachers Retirement System of Georgia. One of the ERS System plans, the Employees' Retirement System of Georgia (ERS), is a cost-sharing multiple-employer defined benefit pension plan that was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan (SRBP-ERS) of ERS. SRBP-ERS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of the SRBP-ERS is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP-ERS whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982 but prior to January 1, 2009 are "new plan" members subject to the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the "old" or "new" plan, are members of the Georgia State Employees' Pension and Savings Plan (GSEPS). ERS members hired prior to January 1, 2009 also have the option to change their membership to the GSEPS plan.

Under the old plan, new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member's highest 24 consecutive calendar months of salary, the number of years of creditable service, and the member's age at retirement. Post-retirement cost-of-living adjustments may be made to members' benefits provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

Member contribution rates are set by law. Member contributions under the old plan are 4% of annual compensation up to $4,200 plus 6% of annual compensation in excess of $4,200. Under the old plan, Georgia State University pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these Georgia State University contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. Georgia State University is required to contribute at a specified percentage of active member payroll established by the Board of Trustees determined annually in accordance with actuarial valuation and minimum funding standards as provided by law. These Georgia State University contributions are not at any time refundable to the member or his/her beneficiary.

Employer contributions required for fiscal year 2013 were based on the June 30, 2010 actuarial valuation as follows:

Old Plan	14.90%
New Plan	14.90%
GSEPS	11.54%

*10.15% exclusive of contributions paid by the employer on behalf of old plan members

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions; the member forfeits all rights to retirement benefits.

Teachers Retirement System of Georgia

The Teachers Retirement System of Georgia (TRS) is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers Retirement System (SRBP-TRS). SRBP-TRS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. A member may elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Death, disability and spousal benefits are also available.

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation. Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2013 were 6.00% of annual salary. Employer contributions required for fiscal year 2013 were 11.41% of annual salary as required by the June 30, 2010 actuarial valuation.

The following table summarizes the Georgia State University contributions by defined benefit plan for the years ending June 30, 2013, June 30, 2012, and June 30, 2011 (dollars in thousands):

	ERS		TRS	
	Required Contribution	Percent Contributed	Required Contribution	Percent Contributed
2013	$ 88,841	100%	$ 13,898,953	100%
2012	$ 80,034	100%	$ 12,718,066	100%
2011	$ 56,274	100%	$ 12,254,249	100%

Regents Retirement Plan

Plan Description

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

Funding Policy

Georgia State University makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2013, the employer contribution was 9.24% for the participating employee's earnable compensation. Employees contribute 6% of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times.

Georgia State University and the covered employees made the required contributions of $11,332,409 (9.24%) and $6,774,358 (6%), respectively.

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

Georgia Defined Contribution Plan

Plan Description

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

Benefits

A member may retire and elect to receive periodic payments after attainment of age 65. The payment will be based upon mortality tables and interest assumptions to be adopted by the Board of Trustees. If a member has less than $3,500 credited to his/her account, the Board of Trustees has the option of requiring a lump sum distribution to the member in lieu of making periodic payments. Upon the death of a member, a lump sum distribution equaling the amount credited to his/her account will be paid to the member's designated beneficiary. Benefit provisions are established by State statute.

Contributions

Member contributions are seven and one-half percent (7.5%) of gross salary. There are no employer contributions. Contribution rates are established by State statute. Earnings are credited to each member's account in a manner established by the Board of Trustees. Upon termination of employment, the amount of the member's account is refundable upon request by the member.

Total contributions made by employees during fiscal year 2013 amounted to $706,726 which represents 7.5% of covered payroll. These contributions met the requirements of the plan.

The Georgia Defined Contribution Plan issues a financial report each fiscal year, which may be obtained from the ERS offices.

Note 12. Risk Management

The University System of Georgia offers its employees and retirees access to four different self-insured healthcare plan options. For the University System of Georgia's Plan Year 2013, the following health care options were available:

- Blue Choice HMO plan
- (Blue Cross Blue Shield) HAS Open Access POS plan
- (Blue Cross Blue Shield) Open Access POS plan
- Kaiser Permanente HMO plan

Georgia State University and participating employees and retirees pay premiums to either of the self-insured healthcare plan options to access benefits coverage. The respective self-insured healthcare plan options are included in the financial statements of the Board of Regents of the University System of Georgia – University System Office. All units of the University System of Georgia share the risk of loss for claims associated with these plans. The reserves for these plans are considered to be a self-sustaining risk fund. The Board of Regents has contracted with Blue Cross Blue Shield of Georgia, a wholly owned subsidiary of WellPoint, to serve as the claims administrator for the self-insured healthcare plan products. In addition to the self-insured healthcare plan options offered to the employees of the University System of Georgia, a fully insured HMO healthcare plan option is also offered to System employees through Kaiser.

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS processes claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Georgia State University, as an organizational unit of the Board of Regents of the University System of Georgia, is part of the State of Georgia reporting entity, and as such, is covered by the State of Georgia risk management program administered by DOAS. Premiums for the risk management program are charged to the various state organizations by DOAS to provide claims servicing and claims payment.

A self-insured program of professional liability for its employees was established by the Board of Regents of the University System of Georgia under powers authorized by the Official Code of Georgia Annotated Section 45-9-1. The program insures the employees to the extent that they are not immune from liability against personal liability for damages arising out of the performance of their duties or in any way connected therewith. The program is administered by DOAS as a Self-Insurance Fund.

Note 13. Contingencies

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

Litigation, claims and assessments filed against Georgia State University (an organizational unit of the Board of Regents of the University System of Georgia), if any, are generally considered to be actions against the State of Georgia. Accordingly, significant litigation, claims and assessments pending against the State of Georgia are disclosed in the State of Georgia Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013.

Note 14. Post-Employment Benefits Other Than Pension Benefits

Pursuant to the general powers conferred by the Official Code of Georgia Annotated Section 20-3-31, the Board of Regents of the University System of Georgia has established group health and life insurance programs for regular employees of the University System of Georgia. It is the policy of the Board of Regents to permit employees of the University System of Georgia eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System of Georgia pay the employer portion for group insurance for affected individuals. With regard to life insurance, the employer covers the total cost for $25,000 of basic life insurance. If an individual elects to have supplemental, and/or, dependent life insurance coverage, such costs are borne entirely by the employee.

The Board of Regents Retiree Health Benefit Plan is a single-employer, defined benefit plan. Financial statements and required supplementary information for the Plan are included in the publicly available Consolidated Annual Financial Report of the University System of Georgia. The University pays the employer portion of health insurance for its eligible retirees based on rates that are established annually by the Board of Regents for the upcoming plan year. For the 2013 plan year, the employer rate was between 70-75% of the total health insurance cost for eligible retirees and the retiree rate was between 25-30%.

As of June 30, 2013, there were 1,252 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2013, Georgia State University recognized as incurred $6,101,273 of expenditures, which was net of $2,824,395 of participant contributions.

Note 15. Natural Classifications with Functional Classifications

The University's operating expenses by functional classification for fiscal year 2013 are shown below:

	Functional Classification Fiscal Year 2013					
Natural Classification	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support
Faculty	$ 88,452,483	$ 24,848,484	$ 1,206,523	$ 457,035	$ 55,548	-
Staff	43,058,108	38,338,905	8,895,208	31,371,793	18,565,008	$ 19,660,197
Benefits	39,588,264	8,619,325	2,410,635	8,138,928	4,448,054	4,234,937
Personal Services	-	-	-	444,942	-	769,721
Travel	2,052,058	1,702,249	434,536	663,094	325,411	188,933
Scholarships and Fellowships	3,946,844	946,543	1,216,933	301	655,362	1,621,517
Utilities	19,667	52,627	15,124	685,431	33,749	541,281
Supplies and Other Services	15,886,393	19,685,988	3,972,425	15,357,832	8,312,581	6,785,429
Depreciation	9,836,311	11,203,799	166,813	8,595,232	1,050,219	564,583
Total Expenses	$ 202,840,128	$ 105,397,920	$ 18,318,197	$ 65,714,588	$ 33,445,932	$ 34,366,598

	Functional Classification Fiscal Year 2013			
Natural Classification	Plant Operations & Maintenance	Scholarships & Fellowships	Auxiliary Enterprises	Total Expenses
Faculty	-	-	$ (4,800)	$ 115,015,273
Staff	$ 16,636,551	$ 77,518	8,370,733	184,974,021
Benefits	4,528,161	775	2,013,595	73,982,674
Personal Services	-	-	-	1,214,663
Travel	17,500	-	62,835	5,446,616
Scholarships and Fellowships	-	23,689,527	300	32,077,327
Utilities	13,123,698	-	3,011,968	17,483,545
Supplies and Other Services	15,052,347	30,421	34,411,701	119,495,117
Depreciation	2,671,549	-	8,527,534	42,616,040
Total Expenses	$ 52,029,806	$ 23,798,241	$ 56,393,866	$ 592,305,276

Note 16. Affiliated Organizations

Georgia State University Foundation, Inc.

Georgia State University Foundation (foundation) is a legally separate, tax-exempt component unit of Georgia State University (university). The foundation acts primarily as a fund-raising organization to supplement the resources that are available to the university in support of its programs. The 31-member board of the foundation, of which 6 members are ex-officio, is self-perpetuating and consists of graduates and friends of the university. Although the university does not control the timing or amount of receipts from the foundation, the majority of resources that the foundation holds and invests are restricted to the activities of the university by the donors. Because these restricted resources held by the foundation can only be used by, or for the benefit of, the university, the foundation is considered a component unit of the university and is discretely presented in the university's financial statements.

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

During the year ended June 30, 2011, the Foundation distributed $12,876,576 to the University for both restricted and unrestricted purposes. Complete financial statements for the Foundation can be obtained from the Administrative Office at One Park Place South, Suite 533, Atlanta, GA 30303 or from the Foundation's website at giving.gsu.edu.

Investments for Component Units

Georgia State University Foundation holds endowment and other investments in the amount of $205 million. The Foundation determines the spendable amounts for endowment funds using a total return formula and makes no spending allocations to restricted funds from the operating portfolio. Income from the operating portfolio is used to fund the Foundation's administrative activities pursuant to an unrestricted spending policy. The Trustees of the Foundation adopted an endowment spending policy that provides for the allocation of endowment funds at the rate of 70% of the previous year's allocation plus 30% of the current year's market values at a spending rate of 4.5% of the market value of the endowment funds. A 1% management fee is used to fund the Foundation's administrative activities. The balance of the return is applied to the value of the endowment funds.

Investments are comprised of the following amounts at June 30, 2013:

	Cost	Fair Value
Money Market Accounts	$ 45,955,757	$ 45,955,757
Corporate Bonds	30,544,337	34,166,608
Mutual Funds	63,422,098	64,415,608
Venture Capital	8,875,834	6,911,740
Real Estate	38,805,999	39,140,428
Diversifying Strategies	13,650,464	14,589,844
Total Investments	$ 201,254,489	$ 205,179,985

Capital Assets for Component Units

Georgia State University Foundation, Inc. holds the following Capital Assets as of June 30, 2013:

	June 30, 2013
Capital Assets not being Depreciated:	
Land and other Assets	$ 2,044,135
Capital Assets being Depreciated:	
Buildings and Improvements	15,378,208
Less Total Accumulated Depreciation/Amortization	7,159,926
Capital Assets, Net	$ 10,262,417

Long Term Liabilities for Component Units

Changes in long-term liabilities for Georgia State University Foundation, Inc. for the fiscal year ended June 30, 2013 are shown below:

	Beginning Balance July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013	Amounts due within One Year
Liabilities under split interest agreement	$ 348,687		$ 100,017	$ 248,670	$ 46,760
Capital Lease Obligations	3,790,900		480,125	3,310,775	632,373
Revenue/Mortgage Bonds Payable	243,830,000	139,685,000	149,495,000	234,020,000	6,065,000
Bond - Premium	5,807,171	14,157,195	5,281,126	14,683,240	
Bond - (Bond Discount)	(1,459,561)		(69,638)	(1,389,923)	
Total Long Term Liabilities	$ 252,317,197	$ 153,842,195	$ 155,286,630	$ 250,872,762	$ 6,744,133

Capital Lease Obligation

Alpharetta Campus Facilities Lease

On September 23, 1998, $10,600,000 of revenue bonds were issued by the Development Authority of Alpharetta, Georgia, (Development Authority) for the purpose of financing the costs of acquiring, constructing and installing educational facilities which are located in the City of Alpharetta and are leased by the Foundation. On May 12, 2009, the Series 1998 Bonds were refunded by a new lower fixed-rate bond issuance. The tax-exempt revenue bonds of $5,890,000 plus premium of $654,706 were issued by the Development Authority of Alpharetta, Georgia. Principal and interest payments schedule will remain in force as under the 1998 issuance. Interest payments will continue to be made semi-annually starting November 1, 2009 at a rate specified in the revenue bonds ranging from 3.0% to 5.0%.

The lease obligates the Foundation, on a limited recourse basis, to make lease payments sufficient to pay 83.5% of principal and interest on the bonds with the balance to be paid by the Development Authority. The Foundation in turn subleased the facilities to the Board of Regents of the University System of Georgia (Board of Regents) for the use of the University. The liability of the Foundation is limited to the interest of the Foundation in the project and the rents, profits, issues, products and proceeds thereof. The City of Alpharetta is obligated to make 100% of the principal and interest payments on the bonds to the extent rental payments derived from the project are insufficient for such purposes. The Foundation has entered into a lease with the University on this property. As the lease is classified as a capital lease by the University, the Foundation has recorded the asset as a net investment in direct financing lease on the consolidated statements of financial position.

Year Ending June 30	
2014	$ 632,373
2015	634,544
2016	630,063
2017	628,894
2018	625,138
2019	628,198
Total minimum lease payments	3,779,210
Less amount representing interest	(468,435)
Present value of minimum lease payments	$ 3,310,775

Interest expense related to the capital lease obligation for Alpharetta for the years ended June 30, 2013 and 2012 totaled $155,198 and $174,125, respectively.

Rialto Center Facilities Lease

On December 1, 2009, TUFF Rialto, LLC transferred its interest in the Rialto Theater ground lease with Rialto Center, LLC to the Foundation. The Foundation sub-leases the Rialto Theater ground to the University.

Future minimum lease payments under the ground lease as of June 30, 2013, are as follows:

Year Ending June 30,		
2014	$	79,304
2015		79,304
2016		79,304
2017		79,304
2018		79,304
2019 - 2023		396,520
2024 - 2028		396,520
2029 - 2033		396,520
2034 - 2038		396,520
2039 - 2043		396,520
2044 - 2046		198,261
Total	$	2,577,381

Revenue Bonds Payable

Student Recreation Center Bonds

On October 15, 1998, $33,430,000 of revenue bonds were issued by the Atlanta Development Authority ("ADA") with the proceeds loaned to the Foundation for the purpose of financing the acquisition, construction, improvement and equipping of a student recreation center for the benefit of the University. The bonds are special limited obligation bonds of the ADA, payable from funds received from the Foundation pursuant to a promissory note between the ADA and the Foundation. The Foundation leases the facilities to the Board of Regents for the use of the University. The Foundation's liability on the note is limited to its interest in the project and the rents and revenues from the project, including amounts received pursuant to the rental agreement with the Board of Regents.

On January 31, 2011 revenue bonds (tax-exempt $16,035,000 plus premium of $1,065,413) were issued by the Development Authority of Fulton County. Proceeds of the series 2011 bonds were used to refund the series 1998 revenue bonds. Moody's Investor Services, Inc. had assigned the Series 2011 bonds the rating of Aa3. Interest expense on the series 2011 revenue bonds for the year ended June 30, 2013 and 2012 totaled $627,750 and $703,250, respectively.

Piedmont Ellis Bonds

On September 8, 2005, a total of $161,330,000 revenue bonds (tax exempt $158,410,000 and taxable $2,920,000) were issued at a premium of $6,620,809 by the ADA on behalf of the Foundation with the proceeds used for the purpose of financing the acquisition, construction and equipping of certain land, buildings and personal property to be used as a student housing project. The project has 1,994 beds, including community activity facilities, site amenities and parking for 786 vehicles. The real property upon which the project is located is owned by the Board of Regents and leased to the Foundation pursuant to a Ground Lease. After construction was completed, the Foundation leased the facility to the Board of Regents on an annually renewable basis for a term of 33 years for the use and benefit of the University. Moody's Investors Services Inc. has assigned the Series 2005 Bonds the rating of Aa3. Principal payments are to be made annually starting September 1, 2009 and ending September 1, 2036. Interest is paid semi-annually through 2036 at a rate specified in the revenue bonds ranging from 3.875% to 5.0%. Interest expense for the years ended June 30, 2013 and 2012 was $6,542,685 and $7,566,169, respectively.

On May 14, 2013, a total of $139,685,000 of Student Housing Facilities Refunding Revenue Bonds were issued at a total premium of $14,157,195 by the ADA on behalf of the Foundation. The Series 2013 bond proceeds will be used to advance refund the callable portion (maturities 9/1/16 – 9/1/36) of the Series 2005A with a current aggregate outstanding principal of $145,375,000. Moody's Investor Services, Inc. has assigned the Series 2013 bonds the rating of Aa3. Interest expense on the Series 2013 refunding revenue bonds for the year ended June 30, 2013 was $781,740.

The non-callable Series 2005 bonds not included in the 2013 advance refunding are the maturities September 1, 2013 through September 1, 2015 with a total par amount of $8,915,000 issued at a premium of $370,204. Moody's Investors Services Inc. has assigned the Series 2005 Bonds the rating of Aa3. The interest expense associated with the non-callable Series 2005 bonds for the year ended June 30, 2013 was $83,540.

Panther Place Bonds

On May 31, 2007, $58,385,000 of revenue bonds (tax-exempt $49,175,000 and taxable $9,210,000) were issued by the ADA on behalf of the Foundation with the proceeds used to finance the costs of acquiring land, buildings, improvements, machinery, fixtures, furnishings, equipment and other real and personal property to be used for office space. SunTrust Banks, Inc. was the seller and remained the tenant in the building until May 30, 2012. Effective May 30, 2012, SunTrust Bank moved out and the University moved into the Panther Place LLC property and the property was transferred to an investment in direct financing lease with the Board of Regents. The Foundation began making semi-annual swap interest payments on January 1, 2008 at a rate of 4.289% on tax-exempt bonds and 5.409% on taxable bonds.

On May 29, 2009 the outstanding balance of the bank bonds of $47,630,000 and the line of credit of $8,612,859 were refunded by a new fixed-rate bond issuance. Revenue bonds on $73,235,000 (tax–exempt $60,215,000 and taxable $13,020,000) net of discount of $1,654,917 were issued by the ADA on behalf of the Foundation. Moody's Investors Services, Inc. has assigned the Series 2009 Bonds the rating of A2. Principal payments are to be made annually starting July 1, 2013 and ending July 1, 2037. Interest is to be paid semi-annually starting July 1, 2009 at a rate specified in the revenue bonds ranging from 4.00% to 6.15%. Interest expense for the years ended June 30, 2013 and 2012 was $3,487,070 and $3,487,070, respectively.

Future maturities of the Student Recreation Center, Piedmont Ellis and Panther Place revenue bonds at June 30, 2013 are as follows:

Year Ending June 30	Tax-Exempt	Taxable	Total
2014	$ 4,470,000	$ 1,595,000	$ 6,065,000
2015	4,970,000	1,650,000	6,620,000
2016	9,115,000	1,725,000	10,840,000
2017	6,185,000	8,050,000	14,235,000
2018	6,795,000	-	6,795,000
2019 - 2023	34,240,000	-	34,240,000
2024 - 2028	46,480,000	-	46,480,000
2029 - 2033	57,920,000	-	57,920,000
2034 - 2038	50,825,000	-	50,825,000
Total	$ 221,000,000	$ 13,020,000	$ 234,020,000

Operating Lease Obligation

Lofts Lease

A rental agreement was entered into in January 2005 between the Foundation, landlord, and the Board of Regents for and on behalf of the University, tenant, for student housing known as the University Lofts. The lease is renewable annually through fiscal year 2033 and ends in September 2032.

Brookhaven Lease

During the year ended June 30, 2005, the Foundation entered into a lease with a third party for office space for the benefit and use of the University's Executive MBA Program. The University reimburses the Foundation on a monthly basis in an amount equal to the monthly rent payment. The lease was terminated as of June 1, 2013.

Panther Place Lease - SunTrust Bank

On May 31, 2007, Panther Place LLC purchased certain land, buildings and fixtures owned by SunTrust Bank, Inc. for $52,000,000 using proceeds of revenue bonds. On the same day, Panther Place entered into a lease agreement with SunTrust Bank, Inc. for a five-year period with annual basic rental income of $3,000,000 for the first year and a 2% increase each year thereafter. On May 30, 2012, the lease terminated.

Georgia State University Research Foundation, Inc.

Effective June 1, 2012, Panther Place, LLC (current Landlord) replace SunTrust Bank (former Landlord) per the lease agreement between SunTrust Bank and Georgia State University Research Foundation, Inc. (the Tenant) to lease certain premises consisting of approximately 18,257 square feet designated as suite 100 in the office building located at 58 Edgewood Avenue, Atlanta, Georgia, and more commonly known as the Tower Annex. The monthly rental is $19,179.

Georgia Minority Supplier Development Council, Inc.

Effective June 1, 2012, Panther Place, LLC (current Landlord) assumed the lease between SunTrust Bank (former Landlord) and Georgia Minority Supplier Development Council, Inc. (the Tenant) to lease certain premises consisting of approximately 8,176 square feet designated as suite 501 in the office building located at 58 Edgewood Avenue, Atlanta Georgia, and more commonly known as the Tower Annex. The monthly rental is $4,349.

Westbridge Lease

A rental agreement was entered into in July 2007 for a period of five (5) years with a third party for office space for the benefit and use of the University's College of Business graduate programs. After the lease expired in June 2011, it was extended for one additional year through June, 2012. The Foundation currently is utilizing the hold over clause in the lease through December 31, 2012, while the University evaluates the continuation of the program facilitated at this location. The University pays the monthly rental payment directly to the landlord.

Future operating lease revenue related to noncancellable operating leases having remaining terms in excess of one year as of June 30, 2013 are as follows:

		Operating Leases - Revenue
		Real Property & Equipment
Year Ending June 30:	Year	
2014	1	$ 3,822,348
2015	2	3,857,258
2016	3	3,640,518
2017	4	3,936,229
2018	5	4,123,668
2019 through 2023	6-10	17,498,676
2024 through 2028	11-15	19,245,324
2029 through 2033	16-20	20,663,493
2034 through 2038	21-25	
2039 through 2043	26-30	
2044 through 2048	31-35	
2049 through 2053	36-40	
Total minimum lease revenues		$ 76,787,513

Georgia State University Research Foundation, Inc.
Georgia State University Research Foundation (Research Foundation) is a legally separate, tax-exempt component unit of Georgia State University (University) and was established to contribute to the scientific, literary, educational, and charitable functions of the University in securing gifts, contributions, and grants from individuals, private organizations, and public agencies, and in obtaining contracts with such individuals or entities for the performance of sponsored research, development, or other programs by the various colleges, schools, departments or other units of the University. Most of the research grants awarded to the Research Foundation are subcontracted to the University, which is responsible for the fiscal administration of the grants.

The Research Foundation's results for fiscal 2013 include Science Park, LLC (the "Company"), a component unit of the Research Foundation, which was organized as a not-for-profit limited liability company on August 9, 2006 with its sole member the Research Foundation. The Company was created to develop a 248,806 square foot science research facility (the "Project"). The company leases the facility to the Board of Regents of the University System of Georgia for the use and benefit of Georgia State University.

The ten member board of the Research Foundation is self-perpetuating and consists of faculty and administrators of the University. Because the resources held by the Research Foundation can only be used by or for the benefit of the University, the Research Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

The Research Foundation is considered a special-purpose government entity engaged only in business-type activities and is required to follow all applicable GASB pronouncements. The Research Foundation's fiscal year is July 1 through June 30.

During the year ended June 30, 2013, the Research Foundation paid to the University $52,453,584 in grant revenue and $1,030,075 for support of research activities. Complete financial statements for the Research Foundation can be obtained from the office of the Georgia State University Research Foundations, Inc., Dahlberg Hall, 30 Courtland Street, Suite 219, Atlanta, GA 30303.

Deposits for Component Units

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Research Foundation's deposits may not be recovered. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in the Official Code of Georgia Annotated Section 50-17-59:

(a) Bonds, bills, notes, certificates of indebtedness or other direct obligations of the United States or of the State of Georgia.
(b) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
(c) Bonds of any public authority created by the laws of the State of Georgia, providing that the statue that created the authority authorized the use of the bonds for this purpose.
(d) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
(e) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.
(f) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

At June 30, 2013, the Research Foundation's carrying amount of deposits was $18,357,792, and the bank balance was $18,381,938. Of the bank balance, $250,000 was covered by FDIC insurance at June 30, 2013, and $6,865,871 was collateralized by the State of Georgia pledging pool which thereby guarantees collateralization of any uninsured bank deposit balances and $5,999,988 was collateralized with securities held by the financial institution's trust department or agent in Science Park's name. The remaining uncollateralized balance of $5,016,079 consists of cash equivalents held by investment custodians. These cash equivalents consisted of money market funds which are comprised of investments with an average credit quality of A1 + P1.

Investments for Component Units

The Research Foundation's investments at June 30, 2013 are presented below. All investments are presented by investment type:

	Fair Value	Investment Maturity 4-12 Months	1-5 Years
Investment type			
Debt Securities			
Money Market Mutual Fund	$ 12,865,859	$ 12,865,859	
Mutual Bond Fund	865,257		$ 865,257
	$ 13,731,116	$ 12,865,859	$ 865,257
Other Investments			
Bond/Fixed Income Mutual Funds	949,214		
Equity Mutual Funds			
Equity Securities - Domestic	1,214,913		
Equity Securities - International	1,233,009		
Real Estate Held for Investment Purposes			
Real Estate Investment Fund	215,064		
	$ 17,343,316		

All investments with the exception of certain equity securities and the investment in the Georgia Research Alliance Venture Fund, LLP (the "Fund") of $102 and $144,734, respectively, at June 30, 2013, are held by the Georgia State University Foundation, Inc. on behalf of the Research Foundation and are held by outside investment managers.

Credit quality risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Research Foundation's investment policies are consistent with the investment policies of Georgia State University Foundation, Inc. The Research Foundation does not have a formal policy related to credit quality risk of investments.

	Fair Value	AAA	AA	A	Ba	Unrated
Related Debt Investments						
Money Market Mutual Fund	$ 12,865,859	$ 12,865,859				
Mutual Bond Fund	865,257	337,142	$ 19,857	$ 47,648	$ 453,573	$ 7,037
	$ 13,731,116	$ 13,203,001	$ 19,857	$ 47,648	$ 453,573	$ 7,037

Custodial credit risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the Research Foundation will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Research Foundation does not have a formal policy for managing custodial credit risk for investments.

At June 30, 2013, all of the Research Foundation's investments were uninsured and held by the Research Foundation's counterparty in the Research Foundation's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Research Foundation's policy for managing concentration of credit risk is divided amongst investment type as follows for the year ended June 30, 2013:

International equities	28%
Domestic equities	27%
Bonds	19%
Managed Futures / Hedge Funds	12%
Alternative investments	9%
Real estate	5%

Foreign currency risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The Research Foundation's investments are not exposed to foreign currency risk as securities denominated in currencies other than the U.S. dollar are not permissible by the Georgia State University Foundation, Inc.'s investment policy.

Capital Assets for Component Units

Georgia State University Research Foundation, Inc. had the following Capital Asset activity for the year ended June 30, 2013:

	Beginning Balances 7/1/2012	Additions	Ending Balance 6/30/2013
Capital Assets, Not Being Depreciated:			
Land (and other assets)	$ 815,185	$ 390,000	$ 1,205,185
Capital Assets, Being Depreciated/Amortized:			
Building and Building Improvements	$ 3,999,973	$ 1,572,438	$ 5,572,411
Facilities and Other Improvements	3,355,051		3,355,051
Equipment		65,757	65,757
Capital Leases	6,994		6,994
Total Assets Being Depreciated/Amortized	$ 7,362,018	$ 1,638,195	$ 9,000,213
Less: Accumulated Depreciation/Amortization			
Buildings	$ 1,018,803	$ 128,457	$ 1,147,260
Facilities and Other improvements	2,973,202	338,675	3,311,877
Equipment		8,768	8,768
Capital Leases	3,031	1,399	4,430
Total Accumulated Depreciation/Amortization	$ 3,995,036	$ 477,299	$ 4,472,335
Total Capital Assets, Being Depreciated/Amortized, Net	$ 3,366,982	$ 1,160,896	$ 4,527,878
Capital Assets, net	$ 4,182,167	$ 1,550,896	$ 5,733,063

Long Term Liabilities for Component Units

Changes in long-term liabilities for Georgia State University Research Foundation, Inc. for the fiscal year ended June 30, 2013 are shown below:

	Beginning Balance July 1, 2012	Reductions	Ending Balance June 30, 2013	Amounts due within One Year
Capital Lease Obligations	$ 4,555	$ 1,420	$ 3,135	
Revenue/Mortgage Bonds Payable	88,735,000	1,535,000	87,200,000	1,605,000
Bond - Premium	771,425	28,571	742,854	
Total Long Term Liabilities	$ 89,510,980	$ 1,564,991	$ 87,945,989	$ 1,605,000

Revenue Bonds Payable

$90,205,000 Bond Issue – The Series 2007 Bonds were issued pursuant to a Trust Indenture and Security Agreement dated as of December 1, 2007 (the "Indenture"), between the Atlanta Development Authority (the "Authority") and Branch Banking and Trust Company, Wilson, North Carolina as trustee (the "Trustee"). The Authority loaned proceeds of the sale of the Series 2007 Bonds to Science Park pursuant to the terms and provisions of a Loan Agreement dated December 1, 2007 (the "Loan Agreement"), between the Authority and Science Park. Science Park's obligations under the Loan Agreement will be evidenced by a Promissory Note dated December 1, 2007 (the "Promissory Note").

Science Park used proceeds of the Series 2007 Bonds to (i) finance or refinance, in whole or in part, the cost of the acquisition, construction and equipping of a 248,806 square-foot research facility located in a new Georgia State University Science Park on the campus of the University; (ii) fund a debt service reserve fund for the Series 2007 Bonds; (iii) fund capitalized interest for the Series 2007 Bonds; and (iv) pay costs of issuance of the Series 2007 Bonds.

Term bonds under the Loan Agreement bear interest payable semiannually on January 1 and July 1 at fixed rates ranging from 4.75% to 5.25% depending on the schedule of bond maturities. Serial bonds under the loan agreement bear interest payable semi-annually on January 1 and July 1 at a rate of 4.50% until July 1, 2014 when the interest rate increases to 5.00%. Principal payments are due on July 1 beginning in 2011 and continuing until 2039.

The Series 2007 Bonds are payable solely from the Trust Estate which includes all of the Authority's right, title and interest in and to the Loan Agreement, Promissory Note, a deed to secure debt assignment of rents and leases, a security agreement, amounts held in certain funds under the Indenture, moneys and securities and interest earnings thereon from time to time delivered to and held by the Trustee under the terms of the Indenture, and proceeds of any and all of the foregoing.

Optional Redemption. The Series 2007 Bonds maturing on July 1, 2018 and thereafter will be subject to optional redemption prior to maturity by the Authority upon the written request of Science Park pursuant to the Loan Agreement, from moneys on deposit in the Redemption Account, in whole or in part on any interest payment date (and if in part in an authorized denomination) on or after July 1, 2017 at a redemption price of par, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2007 Bonds maturing on July 1, 2027 and bearing interest at 4.75% are subject to mandatory sinking fund redemption on July 1, 2023 and on each July 1, thereafter, in accordance with the Indenture, at a redemption price equal to the principal amount of each Series 2007 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed or redemption.

The Series 2007 Bonds maturing on July 1, 2027 and bearing interest at 5.25% are subject to mandatory sinking fund redemption on July 1, 2023 and on each July 1, thereafter, in accordance with the Indenture, at a redemption price equal to the principal amount of each Series 2007 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed or redemption.

The Series 2007 Bonds maturing on July 1, 2032 and bearing interest at 5.00% are subject to mandatory sinking fund redemption on July 1, 2028 and on each July 1, thereafter, in accordance with the Indenture, at a redemption price equal to the principal amount of each Series 2007 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed or redemption.

The Series 2007 Bonds maturing on July 1, 2032 and bearing interest at 5.25% are subject to mandatory sinking fund redemption on July 1, 2028 and on each July 1, thereafter, in accordance with Indenture, at a redemption price equal to the principal amount of each Series 2007 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed or redemption.

The Series 2007 Bonds maturing on July 1, 2039 and bearing interest at 5.00% are subject to mandatory sinking fund redemption on July 1, 2033 and on each July 1, thereafter, in accordance with Indenture, at a redemption price equal to the principal amount of each Series 2007 Bond (or portion thereof) to be redeemed plus accrued interest to the date fixed or redemption.

Annual debt service requirements on the Series 2007 Bonds outstanding at June 30, 2012 are as follows:

		Bonds Payable		
		Principal	Interest	Total
Year ending June 30:				
2014	1	$ 1,605,000	$ 4,274,900	$ 5,879,900
2015	2	1,680,000	4,190,900	5,870,900
2016	3	1,760,000	4,102,900	5,862,900
2017	4	1,850,000	4,010,400	5,860,400
2018	5	1,940,000	4,010,400	5,950,400
2019 through 2023	6-10	11,270,000	18,495,000	29,765,000
2024 through 2028	11-15	14,365,000	15,396,650	29,761,650
2029 through 2033	16-20	18,290,000	11,449,938	29,739,938
2034 through 2038	21-25	23,370,000	6,386,750	29,756,750
2039 through 2043	26-30	11,070,000	837,000	11,907,000
		$ 87,200,000	$ 73,154,838	$ 160,354,838

Capital Lease Obligations

		Capital Leases
Year ending June 30:		
2014	1	$1,574
2015	2	1,561
Total minimum lease payments		3,135

Net Investment in Direct Financing Lease

In May 2010, Science Park substantially completed the construction of a science research facility for a total cost of $74,061,117. At that time Science Park began leasing the facility to the Board of Regents of the University System of Georgia for and on behalf of the University. Science Park is accounting for this transaction as a direct financing capital lease. The lease entitles Science Park to receive direct and indirect funding for insurance, taxes, bond and interest obligations, repairs and maintenance, and other ancillary expenses. The lease contains an annual renewal option as of specified dates in the agreement. During the year ended June 30, 2011, Science Park completed the build-out of certain space within the Science Research Facility. Costs related to this build-out totaled $1,154,987 for the year ended June 30, 2012. At June 30, 2012 the related capital assets were transferred to the University and offset by adjustment to Science Park's investment in direct financing lease. For the year ended June 30, 2013, the interest income from investment in direct financing lease was $4,583,993.

Year Ending June 30:	Year	Operating Leases - Real Property & Equipment
2014	1	$ 5,962,333
2015	2	5,967,586
2016	3	5,974,042
2017	4	5,979,706
2017	5	5,989,086
2018 through 2022	6-10	30,062,100
2023 through 2027	11-15	30,282,328
2028 through 2032	16-20	30,523,704
2033 through 2037	21-25	30,828,583
2038 through 2042	26-30	6,204,645
		157,774,113
		(73,289,653)
Total minimum lease revenues		$ 84,484,460

Operating Lease Obligation

The Research Foundation had an operating lease commitment to Panther Place, LLC for office space located in Atlanta, Georgia. Rent expense was $103,074 for the year ended June 30, 2013.

Effective June 15, 2009, the Research Foundation made a commitment to provide support in the amount of $500,000 to the Georgia Research Alliance Venture Fund, LLP. This support will be provided over a five year period, or a maximum of $100,000 per year beginning in the fiscal year ended June 30, 2010. During the 2013 fiscal year, the Research Foundation contributed $50,153 which is held in investments. Total contributions to the fund at June 30, 2013 were $154,734.