GEORGIA ADVANCED TECHNOLOGY VENTURES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

with
INDEPENDENT AUDITORS' REPORT

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SMITH+HOWARD PC

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Officers
Georgia Advanced Technology Ventures, Inc. and Subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of Georgia Advanced Technology Ventures, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Smith and Howard

Atlanta, GA
August 26, 2024

GEORGIA ADVANCED TECHNOLOGY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
Cash and Cash Equivalents (Notes 1 and 2)	$ 18,961,935	$ 21,020,764
Capital Reserve Funds (Note 1 and 2)	1,153,908	1,480,767
Restricted Cash (Notes 1 and 2)	3,505,440	2,423,946
Accounts Receivable, No Allowance Deemed Necessary	83,877	11,863
Due from Related Parties (Note 10)	439,270	171,439
Unconditional Promises to Give (Note 3)	468,977	497,365
Investment in Sales-Type Leases (Note 4)	91,238,095	92,100,126
Deposits	-	507,694
Prepaid Expenses	8,026	46,727
Finance Lease, Right to Use Asset (Note 4)	40,832,605	42,790,807
Operating Lease, Right to Use Asset (Note 4)	30,398,719	34,999,034
Property and Equipment (Notes 1,5, and 6)		
Construction in process	10,794,832	3,949,896
Land	15,218,380	15,218,380
Buildings	24,158,146	19,395,540
Infrastructure	6,368,449	5,410,057
Tenant improvements	19,855,939	17,979,974
Furniture and fixtures	1,698,709	1,047,396
	78,094,455	63,001,243
Less accumulated depreciation	19,338,049	17,133,720
	58,756,406	45,867,523
Total Assets	$ 245,847,258	$ 241,918,055

LIABILITIES AND NET ASSETS

	2024	2023
Accounts Payable and Accrued Expenses (Note 8)	$ 1,498,157	$ 1,301,770
Due to Related Parties (Note 10)	18,906	5,676
Subscription Payable	67,212	74,013
Deferred Revenue (Note 4)	13,827,029	13,814,231
Accrued Interest Payable	194,234	197,313
Funds Held for Others	1,488,286	1,414,168
Long-Term Notes Payable (Note 5)	1,057,046	1,127,154
Refundable Tenant Deposits	331,322	309,258
Finance Lease, Right to Use Liability (Note 4)	40,611,046	43,959,244
Operating Lease, Right to Use Liability (Note 4)	34,650,021	39,248,913
Bonds Payable, Net (Note 6)	55,080,161	56,446,387
Total Liabilities	148,823,420	157,898,127
Net Assets		
Without donor restriction	96,904,287	83,884,346
With donor restriction (Note 7)	119,551	135,582
Total Net Assets	97,023,838	84,019,928
Total Liabilities and Net Assets	$ 245,847,258	$ 241,918,055

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

GEORGIA ADVANCED TECHNOLOGY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Changes in net assets without donor restrictions		
Revenues and support without donor restriction:		
Rental income (Note 1)	$ 34,870,798	$ 22,489,397
Development fees	436,712	934,906
Project management fees	39,217	6,043
Consulting	-	5,884,760
Property tax credit	-	1,108,703
Support from affiliates	455,000	455,000
Donations	21,611	22,919
GATV memberships	-	77,702
Sponsorship revenue	125,460	115,358
Other	522,865	318,350
Project Engage	118,886	242,295
Net assets released from restrictions	16,031	23,338
Total revenues and support without donor restriction	36,606,580	31,678,771
Expenses without donor restriction:		
Program services	23,067,202	20,345,930
Management and general	519,437	886,480
Total expenses without donor restriction	23,586,639	21,232,410
Change in net assets without donor restriction	13,019,941	10,446,361
Changes in net assets with donor restriction		
Net assets released from restrictions	(16,031)	(23,338)
Change in net assets with donor restriction	(16,031)	(23,338)
Change in net assets	13,003,910	10,423,023
Net assets, beginning of year	84,019,928	73,596,905
Net assets, end of year	$ 97,023,838	$ 84,019,928

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

GEORGIA ADVANCED TECHNOLOGY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
Bank charges	$ -	$ 52,328	$ 52,328
Insurance	293,753	-	293,753
Legal, accounting, and consulting	701,285	-	701,285
Program and property management expenses	4,438,952	467,109	4,906,061
Marketing and sponsorship	2,733	-	2,733
Office supplies	9,475	-	9,475
Property repairs and maintenance	1,256,714	-	1,256,714
Registration fees	450	-	450
Rent	5,539,704	-	5,539,704
Taxes - property	582,885	-	582,885
Utilities	549,012	-	549,012
Depreciation and amortization	3,578,919	-	3,578,919
Interest	4,348,410	-	4,348,410
Bad debt expense	2,610	-	2,610
Contributions	1,114,837	-	1,114,837
GATV memberships	507,694	-	507,694
Other expenses	139,769	-	139,769
Total Expenses	$ 23,067,202	$ 519,437	$ 23,586,639

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

GEORGIA ADVANCED TECHNOLOGY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total
Bank charges	$ -	$ 52,875	$ 52,875
Insurance	245,670	-	245,670
Legal, accounting, and consulting	519,033	-	519,033
Program and property management expenses	3,830,668	833,605	4,664,273
Marketing and sponsorship	13,298	-	13,298
Office supplies	10,060	-	10,060
Property repairs and maintenance	1,620,488	-	1,620,488
Registration fees	2,544	-	2,544
Rent	4,182,382	-	4,182,382
Taxes - property	569,775	-	569,775
Utilities	264,361	-	264,361
Depreciation and amortization	3,136,534	-	3,136,534
Interest	4,565,832	-	4,565,832
Contributions	1,103,391	-	1,103,391
GATV memberships	172,176	-	172,176
Other expenses	109,718	-	109,718
Total Expenses	$ 20,345,930	$ 886,480	$ 21,232,410

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

GEORGIA ADVANCED TECHNOLOGY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities:		
Change in net assets	$ 13,003,910	$ 10,423,023
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,578,919	3,136,534
Amortization of bond issuance and other financing costs	73,915	84,856
Amortization of bond premium costs	(250,141)	(250,141)
Non-cash donations without donor restriction	(28,389)	(27,081)
Operating lease expense	5,171,928	3,720,832
Payments on operating lease liability obligations	(5,170,505)	(2,792,886)
Changes in operating assets and liabilities:		
Accounts receivable	(72,014)	8,200
Due from related parties	(267,831)	(171,439)
Investment in sales-type leases	862,031	780,879
Deposits	507,694	94,474
Prepaids and other assets	38,701	(38,722)
Accounts payable and accrued expenses	(649,494)	41,595
Due to related parties	13,230	5,676
Subscription payable	(6,801)	(6,980)
Deferred revenue	12,798	668,741
Accrued interest payable	(3,079)	(2,844)
Funds held for others	74,118	(90,993)
Refundable tenant deposits	22,064	42,782
Net Cash Provided by Operating Activities	16,911,054	15,626,506
Cash Flows from Investing Activities:		
Purchase of property and equipment	(14,247,331)	(5,092,581)
Net Cash Required by Investing Activities	(14,247,331)	(5,092,581)
Cash Flows from Financing Activities:		
Payments on notes payable	(70,108)	(66,018)
Payments on bonds payable	(1,190,000)	(1,160,000)
Payments on finance leases	(2,707,809)	(2,466,357)
Net Cash Required by Financing Activities	(3,967,917)	(3,692,375)

(Continued)

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

GEORGIA ADVANCED TECHNOLOGY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

(Continued)

	2024	2023
Net Increase (Decrease) in Cash and Cash Equivalents, Capital Reserve Funds, and Restricted Cash	(1,304,194)	6,841,550
Cash and Cash Equivalents, Capital Reserve Funds, and Restricted Cash, Beginning of Year	24,925,477	18,083,927
Cash and Cash Equivalents, Capital Reserve Funds, and Restricted Cash, End of Year	$ 23,621,283	$ 24,925,477
Reconciliation of Cash and Cash Equivalents to the Statement of Financial Position:		
Cash and cash equivalents	$ 18,961,935	$ 21,020,764
Capital reserve funds	1,153,908	1,480,767
Restricted cash	3,505,440	2,423,946
	$ 23,621,283	$ 24,925,477
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for interest	$ 4,351,489	$ 4,724,333

Supplemental Schedule of Noncash Financing and Investing Activities:

During the years ended June 30, 2024 and 2023, finance lease obligations of $50,000 were repaid through a reduction in Unconditional Promises to Give (Note 3). During 2024 and 2023, this is reflected above with a reduction of operating cash flow of $28,389 and $27,081 with the remaining $21,611 and $22,919 used to reduce balances outstanding under finance leases, respectively.

For the years ended June 30, 2024 and 2023, cash flows from investing activities do not include purchases of $845,881 and $118,798, respectively, as the corresponding construction in process invoices are included in Accounts Payable and Accrued Expenses.

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

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Georgia Advanced Technology Ventures, Inc. (GATV) is a Georgia not-for-profit organization formed as a supporting organization of the Georgia Institute of Technology (GIT) focused on technology, commercialization, economic development and relevant real estate development. GATV provides support for technology transfer and economic activities including GIT's Advanced Technology Development Center (ATDC) incubator facilities and services to ATDC affiliated companies.

GATV is the sole member of sixteen limited liability companies. The sixteen subsidiaries are the following:

Company	Description
VLP1, LLC	Holds ownership to property at 575 14th Street
VLP2, LLC	Holds ownership to property at 720 14th Street and 1115 Howell Mill Road
VLP3, LLC	Holds ownership to properties at 395 North Avenue and 380 Northyards Boulevard
VLP4, LLC	Holds ownership to property at 0 North Avenue
Technology Enterprise Park 1, LLC	Formed to utilize the master lease at the property at 387 Technology Circle until the property was transferred on October 1, 2015
Technology Enterprise Park 2, LLC	Formed to lease a new building to be constructed at 369 Technology Circle
GT Innovation Fund, LLC	Provides seed funding for start-up companies that further the mission of GATV
GT Real Estate Services, LLC	Facilitates the purchase and transfer of real estate to GIT in further support of the mission of GATV
GTatrium, LLC	Formed to oversee the operations of the GTatrium project
Ethel Street, LLC	Formed to hold ownership to property at 650 Ethel Street after transfer from VLP2, LLC
GATV Crossroads Studio, LLC	Formed to acquire property to develop GIT Savannah Film Studio
Georgia Tech Cobb Research Campus, LLC	Formed to obtain financing to acquire and renovate research facilities in Cobb County
Georgia Tech Cobb County Infrastructure, LLC	Formed to contract for, and implement, infrastructure work related to the Cobb County development
Georgia Tech Cobb Research Campus South, LLC	Formed to hold ownership of, and develop, property on the southern portion of the Cobb County development
Georgia Tech Savannah, LLC	Formed to hold ownership of and develop property for the Savannah film/production studio project
North Avenue Bridges, LLC	Formed to hold ownership of and develop bridges on North Avenue

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Principles of Consolidation

The consolidated financial statements include the accounts of GATV and the limited liability companies of which it is a sole member and are collectively referred to hereafter as (the "Organization"). All material intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The Organization follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Consolidated Financial Statement Presentation

Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization.

- Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. The Organization does not have any net assets that are perpetual in nature as of June 30, 2024 and 2023.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Policy

Effective July 1, 2023, the Organization adopted Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses Accounting Standards Codification (Topic 326). This ASU introduces a "current expected credit loss" ("CECL") model which requires all expected credit losses for financial instruments held at the reporting date to be based on historical experience, current conditions, and reasonable supportable forecasts. The CECL model replaces the existing incurred loss method and is applicable to the measurement of credit losses of financial assets, Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in ASC 326 were accounts receivable and investment in sales-type leases. There was no material impact to the financial statements or footnotes upon adoption of this new accounting policy.

Cash and Cash Equivalents

The Organization considers all highly liquid investments without donor restrictions that have initial maturity of three months or less to be cash equivalents.

Capital Reserve Funds

Capital reserve funds relate to certain lease agreements which require the Organization to transfer specified amounts to a separate account which can be used only for specific purposes related to the leased property.

Restricted Cash

Restricted cash relates to funds restricted for a specific project.

Accounts Receivable

Accounts receivable consist primarily of rental income due to the Organization. Outstanding balances are reviewed at the end of each reporting period and a determination is made on any rental income that is uncollectible and should be included in the allowance for doubtful accounts.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

It is the Organization's policy to capitalize at cost personal property additions in excess of $30,000. Lesser amounts are expensed. Real property and tenant improvements are capitalized at cost.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has designated the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method. Depreciation expense for the years ended June 30, 2024 and 2023 was $3,578,919 and $3,136,534, respectively. The Organization leases the building and tenant improvements at 575 14th Street to the Board of Regents of the University System of Georgia under an operating lease. The leased property is recorded at a cost of $11,029,856 and $10,945,856 in Buildings and $6,958,881 and $6,440,526 in Tenant Improvements at June 30, 2024 and 2023 on the on the Consolidated Statements of Financial Position. The net book value of the property at June 30, 2024 and 2023 was $10,373,590 and $10,446,902, respectively.

Deferred Revenue

Rental payments received from lessees in advance of the periods to which they pertain are deferred and recognized over the periods to which the rental payments relate. Capital reserve funds held for certain lease agreements are deferred and recognized when the funds are spent on their intended purpose. There are also restricted funds received in advance of work being done for a specific project that is recognized when the funds are spent on this project.

Revenue Recognition

Contributions received by the Organization are recorded as revenue with donor restrictions or revenue without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying Consolidated Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Unconditional promises to give are recognized as receivables and as revenues in the period in which the Organization is notified by the donor of his or her commitment to make a contribution. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Organization's rental income is generated primarily by leasing facilities to tenants under various cancelable leases and subleases. Rental income from all sources is $34,870,798 and $22,489,397 for the years ended June 30, 2024 and 2023, respectively. Many of the leases provide tenants the option to terminate these leases at any time by giving the Organization 30 days written notice. The Organization has elected to apply the short-term lease exception to all leases of one year or less.

The Organization follows ASU 2016-02 *Leases (Topic 842)* and is applying the provisions of ASU 2016-02 to non-lease components of capital leases in which the Organization is the lessor. This ASU resulted in the deferral of the portion of rent revenue received as it relates to repairs and maintenance funds. Unspent funds and the related deferred rent revenue are reflected as Capital Reserve Funds and Deferred Revenue, respectively, in the accompanying Consolidated Statements of Financial Position in the amount of $1,153,908 and $1,480,767 as of June 30, 2024 and 2023, respectively.

The Organization’s consulting revenues are generated under existing consulting agreements for specific types of transactions and are recorded as revenue when earned. During 2023, the Organization recognized consulting revenues of $5,884,760 on the Consolidated Statements of Activities and Changes in Net Assets. There were no consulting revenues during 2024.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying Consolidated Statements of Activities and Changes in Net Assets and in the Consolidated Statements of Functional Expenses. Minimal costs have been allocated among the programs and supporting services benefited as the majority of the Organization’s expenses are directly related to program services.

Income Taxes

GATV is a not-for-profit corporation and is exempt from income taxes under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying consolidated financial statements. The consolidated subsidiaries are organized as single-member limited liability companies (LLC’s) and are not liable for income taxes on their taxable income. Instead, GATV, as the sole-member, is liable for income taxes, if any, on the LLC’s taxable income. The Organization’s consolidated financial statements do not include a provision or liability for income taxes.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. The Organization is no longer subject to tax examinations for tax years ending before June 30, 2021.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates and Assumptions

The Organization uses estimates and assumptions in preparing consolidated financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2 – RISKS AND UNCERTAINTIES

The financial instruments which potentially subject the Organization to concentrations of credit risk are cash and cash equivalents. The Organization has cash deposits in a financial institution in excess of the $250,000 limit federally insured by the Federal Deposit Insurance Corporation. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements.

The Organization receives significant resources from GIT and related organizations, pursuant to various agreements, including a memorandum of understanding between the Organization and GIT. An interruption of this support could cause substantial doubt in the Organization's ability to continue as an independent entity.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

At June 30, 2006, the Organization received a commitment from The University Financing Foundation (TUFF) for $1,500,000. This commitment has been paid in $50,000 increments since fiscal period 2007. Effective July 1, 2014, this commitment will be paid as a reduction in the rent payment due by the Organization to TUFF. This commitment has been recorded at a present value of $468,977 and $497,365 at June 30, 2024 and 2023, respectively, using a discount rate of 4.83%, which represents the risk-free rate of return at the date of the pledge.

The consolidated financial statements do not include conditional pledges, expectancies and bequests, which have not been recognized as revenue.

NOTE 4 – LEASING ARRANGEMENTS

Sales-type Lease

The Organization's Consolidated Statements of Financial Position includes investments in sales-type leases. At the inception of the lease, the Organization records the minimum future lease payments receivable and the unearned lease income. Unearned interest income will be recognized as revenue over the life of the lease using the effective interest method which applies a constant rate of interest equal to the internal rate of return on the lease. The components of the net investment in sales-type leases as of June 30, are as follows:

2024	Minimum lease payment receivable	Less unearned income	Net investment in sales-type lease
VLP 2 Ground Lease	$ 263,555,869	$ (246,800,879)	$ 16,754,990
Ethel Street Ground Lease	105,610,364	(99,427,461)	6,182,903
GTCRC	90,272,908	(32,939,789)	57,333,119
Science Square Ground Lease	229,532,349	(218,565,266)	10,967,083
Total	$ 688,971,490	$ (597,733,395)	$ 91,238,095

2023	Minimum lease payment receivable	Less unearned income	Net investment in sales-type lease
VLP 2 Ground Lease	$ 264,855,869	$ (248,310,524)	$ 16,545,345
Ethel Street Ground Lease	106,125,364	(100,005,883)	6,119,481
GTCRC	94,180,211	(35,273,787)	58,906,424
Science Square Ground Lease	230,090,368	(219,561,492)	10,528,876
Total	$ 695,251,812	$ (603,151,686)	$ 92,100,126

VLP 2 Ground Lease

On December 31, 2018, the Organization entered into a sales-type ground lease whereby the Organization agreed to lease land to a third party with an initial term of 40 years. Upon the expiration of the initial term, unless the lease is terminated by the third party, the lease will automatically renew and extend for an additional forty years. Upon the expiration of the first renewal term, unless the lease is terminated by the third party, the lease will automatically renew and extend for an additional 19 years. The net investment in sales-type lease reflects payments due through December 31, 2117, based on the automatic renewal of these two renewal terms. As part of this lease, the Organization recognized property tax credits of $1,108,703 on the Consolidated Statements of Activities and Changes in Net Assets for the year ended June 30, 2023.

NOTE 4 – LEASING ARRANGEMENTS (Continued)

Sales-type Lease (Continued)

Georgia Tech Cobb Research Campus ("GTCRC")

Effective June 1, 2019, the Organization entered into a sales-type lease with the Board of Regents of the University System of Georgia ("BOR") whereby the Organization agreed to lease GTCRC to the Board of Regents for the use of GIT. The BOR has the exclusive option to annually renew the lease on a year-to-year basis, for thirty (30) consecutive years at an annual rate that is sufficient to enable the Organization to pay debt service on the Series 2017A and 2017B, as described in Note 6.

Ethel Street Ground Lease

On April 27, 2021, the Organization entered into a sales-type ground lease whereby the Organization agreed to lease land at the corner of 11th Street and Northside Drive to a third party with an initial term of 40 years. Upon the expiration of the initial term, unless the lease is terminated by the third party, the lease will automatically renew and extend for an additional forty years. Upon the expiration of the first renewal term, unless the lease is terminated by the third party, the lease will automatically renew and extend for an additional 19 years. The net investment in sales-type lease reflects payments due through April 30, 2120, based on the automatic renewal of these two renewal terms.

Science Square Ground Lease

On March 28, 2022, the Organization entered into a sales-type ground lease whereby the Organization agreed to lease land at the corner of North Avenue and Northside Drive to a third party for ninety-nine years. The net investment in sales-type lease reflects payments due through July 31, 2121.

Future minimum net amounts receivable under sales-type leases at June 30, are as follows:

2025	$ 6,562,602
2026	6,558,715
2027	6,562,750
2028	6,564,340
2029	6,271,589
Thereafter	656,451,494
Gross investment in sales-type leases	688,971,490
Less unearned interest income	(597,733,395)
Net investment in sales-type leases	$ 91,238,095

NOTE 4 – LEASING ARRANGEMENTS (Continued)

Financing Lease

The Organization is party to a lease agreement with TUFF ATDC LLC under which the Organization initially leased space on the first through fifth floors of the Centergy One Building on Fifth Street in Atlanta. The Organization subleases this space to organizations compatible with its mission. The first through third floor lease extends to August 2033 and the fourth and fifth floor lease extends to December 2034. At the end of the lease agreement, the Organization may purchase the property for a nominal charge. Additionally, the lease agreement with TUFF ATDC LLC provides that the Organization may purchase the property during the lease term at an amount determined by a formula accounting for interest rates and the total previous payments made. The leases have been restated, amended, and consolidated at various times, the most recent of which is dated February 28, 2024.

The properties under the above finance leases are recorded as assets in the accompanying Consolidated Statements of Financial Position at the value of certain pre-occupancy payments plus the present value of the future minimum lease payments. The obligations under the finance lease have been recorded at the present value of future minimum lease payments, discounted at an interest rate appropriate to the Organization's estimated borrowing rate at the time of lease inception. Those interest rates are 5.00% for all floors, as amended through February 28, 2024.

Operating Leases

During the year ended June 30, 2007, the Organization, as lessor, entered into a Base Lease Agreement with TUFF Bullet LLC for a portion of an existing building at Technology Enterprise Park. The Base Lease Agreement is for a term for 35 years and provided for a Base Rental Payment to the Organization in the amount of $3,463,517. The unamortized portion of the Base Rental Payment is recorded within Deferred Revenue, in the amount of $1,414,269 and $1,529,720 at June 30, 2024 and 2023, respectively.

During the year ended June 30, 2007, the Organization, as lessee, entered into an operating lease agreement with TUFF Bullet LLC for a building at Technology Enterprise Park. The lease has a term of thirty years, after which possession of the space reverts to TUFF Bullet LLC.

During May 2016, the Organization entered into an agreement for the assignment of an operating lease with Marietta Boulevard Associates as landlord and TUFF GT Library, LLC as assignor. The Organization follows ASU 2016-02 *Leases (Topic 842)* and is applying the provisions of ASU 2016-02 to this lease. The lease provides the option to renew for two consecutive five-year terms. During 2023, the Organization renewed the lease of the Marietta Boulevard Associates property for one five-year term. This lease is now scheduled to go through January 31, 2028. The Organization recognized a ROU Lease Liability of $1,051,391 and a corresponding intangible ROU Lease Asset. At June 30, 2024 and 2023, the ROU Lease Liability is $777,038 and $970,855, respectively, and the intangible ROU Lease Asset is $753,497 and $963,780.

NOTE 4 – LEASING ARRANGEMENTS (Continued)

Operating Leases (Continued)

On December 31, 2018, the Organization entered into the sales-type ground lease with a third party, which is described on page 17 under VLP 2 Ground Lease. This ground lease included an office lease agreement to lease 50,000 square feet from the third party with an initial term of 10 years from the date of occupancy. This space was occupied during the year ending June 30, 2021 and the Organization recognized an ROU Lease Liability of $14,494,097 and a corresponding intangible ROU Lease Asset of $11,994,097 based on the future minimum rental payments of this lease. The lease is scheduled to go through May 31, 2031. At June 30, 2024 and 2023, the ROU Lease Liability is $10,211,328 and $11,618,265, respectively, and the intangible ROU Lease Asset is $8,176,062 and $9,403,553, respectively.

During December 2021, the Organization entered into an agreement for the assignment of an operating lease with Titanium Lease HoldCo 2020, LLC as landlord and the Board of Regents of the University System of Georgia as assignor for 387 Technology Circle. During the year ending June 30, 2023, this property was sold and the lease was assigned to Ancora TEP Holdings, LLC. The Organization follows ASU 2016-02 *Leases (Topic 842)* and is applying the provisions of ASU 2016-02 to this lease. The lease is scheduled to go through January 31, 2033. The Organization recognized a ROU Lease Liability of $11,635,416 and a corresponding intangible ROU Lease Asset. At June 30, 2024 and 2023, the ROU Lease Liability is $9,684,837 and $10,628,938, respectively, and the intangible ROU Lease Asset is $9,097,547 and $10,117,498, respectively.

The operating lease with Ancora TEP Holdings, LLC for 387 Technology Circle has an operating lease component for 60 parking spots in a parking deck adjacent to the building. The lease is scheduled to go through January 31, 2033. At June 30, 2024 and 2023, the ROU Lease Liability is $382,275 and $415,025, respectively, and the intangible ROU Lease Asset is $355,987 and $397,867, respectively.

During September 2021, the Organization entered into an agreement for the assignment of an operating lease with SCG Carriage Works, LLC as landlord and the Board of Regents of the University System of Georgia as assignor. The Organization follows ASU 2016-02 Leases (Topic 842) and is applying the provisions of ASU 2016-02 to this lease. The Organization recognized a ROU Lease Liability of $3,205,471 and a corresponding intangible ROU Lease Asset. The lease is scheduled to go through April 30, 2027. At June 30, 2024 and 2023, the ROU Lease Liability is $1,888,377 and $2,513,049, respectively, and the intangible ROU Lease Asset is $1,565,849 and $2,114,221, respectively.

The financing lease with TUFF ATDC LLC for the first through fifth floors of the Centergy One Building on Fifth Street in Atlanta has an operating lease component for 443 parking spots in a parking deck adjacent to the Building. The lease is scheduled to go through December 31, 2034. At June 30, 2024 and 2023, the ROU Lease Liability is $4,710,369 and $5,026,975, respectively, and the intangible ROU Lease Asset is $4,232,259 and $4,635,332, respectively.

NOTE 4 – LEASING ARRANGEMENTS (Continued)

Operating Leases (Continued)

During May 2022, the Organization entered into an agreement for the assignment of an operating lease with Biltmore Technology Square, LLC as landlord and the Board of Regents of the University System of Georgia as assignor for Suite 300. The Organization follows ASU 2016-02 Leases (Topic 842) and is applying the provisions of ASU 2016-02 to this lease. The space was occupied during the year ended June 30, 2023 and the Organization recognized an ROU Lease Liability of $1,641,137 and an intangible ROU Lease Asset of $1,475,822. The lease is scheduled to go through September 30, 2027. At June 30, 2024 and 2023, the ROU Lease Liability is $1,221,550 and $1,556,230, respectively, and the intangible ROU Lease Asset is $1,065,871 and $1,393,832, respectively.

During May 2022, the Organization entered into an agreement for the assignment of an operating lease with Biltmore Technology Square, LLC as landlord and the Board of Regents of the University System of Georgia as assignor for Suite 500. The Organization follows ASU 2016-02 Leases (Topic 842) and is applying the provisions of ASU 2016-02 to this lease. The space was occupied during the year ended June 30, 2023 and the Organization recognized an ROU Lease Liability of $2,198,804 and an intangible ROU Lease Asset of $1,977,314. The lease is scheduled to go through September 30, 2027. At June 30, 2024 and 2023, the ROU Lease Liability is $1,636,640 and $2,085,045, respectively, and the intangible ROU Lease Asset is $1,428,060 and $1,867,464, respectively.

During May 2022, the Organization entered into an agreement for the assignment of an operating lease with Biltmore Technology Square, LLC as landlord and the Board of Regents of the University System of Georgia as assignor for Suite 770. The Organization follows ASU 2016-02 Leases (Topic 842) and is applying the provisions of ASU 2016-02 to this lease. The space was occupied during the year ended June 30, 2023 and the Organization recognized an ROU Lease Liability of $4,516,964 and an intangible ROU Lease Asset of $4,200,964. The lease is scheduled to go through April 24, 2034. At June 30, 2024 and 2023, the ROU Lease Liability is $4,137,601 and $4,434,531 and the intangible ROU Lease Asset is $3,723,582 and $4,105,487, respectively.

The components of lease cost for 2024 and 2023 are as follows:

	2024	2023
Operating lease cost	$ 5,171,928	$ 3,720,832
Finance lease cost:		
Amortization of right-of-use assets	$ 1,374,590	$ 1,384,002
Interest on lease liabilities	2,107,227	2,324,275
Total finance lease cost	$ 3,481,817	$ 3,708,277

NOTE 4 – LEASING ARRANGEMENTS (Continued)

Financing Leases	2024	2023
Finance lease assets, gross	$ 66,352,598	$ 66,936,210
Accumulated amortization	(25,519,993)	(24,145,403)
Finance lease assets	$ 40,832,605	$ 42,790,807
Operating lease assets	$ 30,398,719	$ 34,999,034

The following table includes supplemental cash flow information related to leases:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 5,170,505	$ 2,792,886
Operating cash outflows from financing leases	$ 2,107,227	$ 2,324,275
Financing cash outflows from financing leases	$ 2,707,809	$ 2,466,357
Right of use assets obtained in exchange for lease obligations:		
Operating leases	$ -	$ 8,705,491
Financing leases	$ -	$ -
Weighted Average Remaining Lease Term:		
Operating leases	8 years	8 years
Finance leases	11 years	12 years
Weighted Average Discount Rate:		
Operating leases	1.87%	1.83%
Finance leases	4.90%	4.90%

NOTE 4 – LEASING ARRANGEMENTS (Continued)

Future minimum lease payments under the operating and financing leases are as follows:

	Operating Leases	Finances Leases
Year ended June 30,		
2025	$ 5,476,948	$ 5,015,334
2026	5,618,876	5,116,795
2027	5,649,370	5,065,428
2028	4,377,644	5,107,980
2029	4,098,962	5,216,952
Thereafter	14,824,380	26,248,619
	40,046,180	51,771,108
Less amounts representing interest	(2,879,393)	(11,160,062)
Less payments to TUFF Bullet LLC (page 19)	(2,516,766)	-
Present value of future minimum lease payments	$ 34,650,021	$ 40,611,046

NOTE 5 – LONG-TERM NOTES PAYABLE

Long-term notes payable are as follows at June 30:

Loan from TUFF; interest at 6.025%; monthly payments of $11,342 through December 2034 unsecured	$ 1,057,046	$ 1,127,154

Principal maturities on the notes payable are as follows:

Year ended June 30,	
2025	$ 74,450
2026	79,062
2027	83,959
2028	89,160
2029	94,683
Thereafter	635,732
	$ 1,057,046

NOTE 6 – BONDS PAYABLE

During December 2017, the Organization issued $45,395,000 of Series 2017A Revenue Bonds (non-taxable) and $11,485,000 of Series 2017B Revenue Bonds (taxable). The proceeds from these bonds were used for the purchase, planning, design, financing and construction of renovations and improvements to the space formally known as the Cobb County Lockheed South Campus buildings and land. This space has been converted to the Georgia Tech Cobb Research Campus ("GTCRC") and is used for research related to national security, homeland defense and commercial advanced technology initiatives of GIT.

The following represents the applicable interest rates and mandatory bond principal redemptions remaining on the Series 2017A bonds until maturity on June 1, 2049 and the Series 2017B bonds until maturity on June 1, 2029:

	Series 2017A (non-taxable)		Series 2017 B (taxable)		Total Bonds
	Principal	Rate	Principal	Rate	Payable
Year ended June 30,					
2025	$ -	-	$ 1,225,000	2.75%	$ 1,225,000
2026	-	-	1,255,000	2.85%	1,255,000
2027	-	-	1,295,000	2.95%	1,295,000
2028	-	-	1,335,000	3.05%	1,335,000
2029	670,000	-	705,000	3.15%	1,375,000
Thereafter	44,725,000	3.00% to 5.00%	-		44,725,000
	$ 45,395,000		$ 5,815,000		$ 51,210,000
Less unamortized debt issuance costs					(299,206)
Plus unamortized bond issuance premium					4,169,367
Total bonds payable, net of debt issuance costs and bond issuance premium					$ 55,080,161

During the years ended June 30, 2024 and 2023, the Organization recorded amortization expense associated with the debt issuance costs totaling $73,915 and $84,856, respectively. Amortization associated with the bond issuance premium totaled $250,141 for the years ended June 30, 2024 and 2023. The amortization is included within interest expense in the accompanying Consolidated Statements of Functional Expenses.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions contain donor-imposed restrictions that permit the Organization to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the Organization. Included in net assets with donor restrictions as of June 30, 2024 are project funds of $119,551. Included in net assets with donor restrictions as of June 30, 2023 are project funds of $135,582.

NOTE 8 – PAYMENTS TO AFFILIATES

The Organization remitted payments, or accrued liabilities for balances due to GIT in the amount of $727,058 and $1,029,688 for the years ended June 30, 2024 and 2023, respectively.

The Organization, under various agreements, reimburses ATDC and GIT for administrative services received, including the estimated value of employees' time performing services for the Organization. These reimbursements are included as program service expenses and management and general expenses in the accompanying Consolidated Statements of Activities and Changes in Net Assets.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

To guarantee performance under certain finance leases described in Note 4, the Organization is required to maintain a letter of credit payable to TUFF ATDC, LLC with a face amount of $4,800,000. The letter of credit bears interest at the rate of prime plus 2% and is collateralized by a limited guaranty equal to its face amount by Georgia Tech Foundation, Inc. The letter of credit expires June 10, 2025. There were no outstanding draws against the letter of credit at June 30, 2024 or 2023.

NOTE 10 – RELATED PARTY TRANSACTIONS

Certain members of the Organization’s Board of Directors are investors in tenants or manage companies who invest in tenants that lease office space and parking spots from the Organization. Total payments received from these companies during 2024 and 2023 were $339,435 and $208,930, respectively. The Organization also leases office space to GIT and receives operating support from GIT. Total payments received from GIT during 2024 and 2023 were $17,053,537 and $13,958,943, respectively.

During the year ended June 30, 2024, the Organization used $920,689 of capital reserve funds for construction at the research facility in Cobb County. This project was completed during the year ended June 30, 2024 and, at the completion of the project, the Organization recorded a contribution expense of $920,689 to GIT in accompanying Statements of Activities and Changes in Net Assets.

During the year ended June 30, 2023, the Organization used $588,684 of capital reserve funds for construction at the research facility in Cobb County. This project was completed during the year ended June 30, 2023 and, at the completion of the project, the Organization recorded a contribution expense of $588,684 to GIT in accompanying Statements of Activities and Changes in Net Assets.

The Organization entered into a Program Administration Services Agreement with Engage Venture Fund I, LP on May 22, 2017. Under the agreement, the Organization will provide program administration services for Project Engage participants. Engage Venture Fund I, LP is managed by Tech Square Venture Partners II, LLC. The managing partner of Tech Square Venture Partners II, LLC is also a Board member of the Organization. Total contribution revenue from Engage Venture Fund I, LP during 2024 and 2023 was $118,886 and $148,608 in the accompanying Statements of Activities and Changes in Net Assets.

NOTE 10 – RELATED PARTY TRANSACTIONS (Continued)

The Organization entered into a Program Administration Services Agreement with Engage Venture Fund II, LP on February 19, 2021. Under the agreement, the Organization will provide program administration services for Project Engage participants. Engage Venture Fund II, LP is managed by Tech Square Venture Partners II, LLC. The managing partner of Tech Square Venture Partners II, LLC is also a Board member of the Organization. Total contribution revenue from Engage Venture Fund II, LP during 2023 was $93,687 in the accompanying Statements of Activities and Changes in Net Assets. There was no contribution revenue during 2024.

NOTE 11 – 575 14TH STREET PROJECT AGREEMENT

The Organization is a party to a Project Agreement effective as of July 1, 2003, which provides that in the event of the sale of the real property and improvements at 575 14th Street, the net proceeds realized by the Organization from such sale in excess of costs incurred in operating the property and completing the sale are to be divided equally between the Organization and a restricted account of the Georgia Tech Foundation, Inc.

NOTE 12 – LIQUIDITY AND AVAILABILITY

For purposes of analyzing resources available to meet general expenditures for subsequent fiscal years, the Organization considers cash and cash equivalents and receivables that will be collected and available in the following fiscal year for activities that are ongoing and major to the Organization. Financial assets available for general expenditures, within one year are as follows:

	2024	2023
Cash and cash equivalents	$ 18,961,935	$ 21,020,764
Capital reserve funds and restricted cash	4,659,348	3,904,713
Accounts receivable	83,877	11,863
Investment in sales-type leases	91,238,095	92,100,126
Unconditional promises to give	468,977	497,365
Total Financial Assets	115,412,232	117,534,831
Less financial assets not available for general expenditure:		
Restricted cash	(4,659,348)	(3,904,713)
Investment in sales-type leases, non-current portion	(89,597,181)	(90,526,822)
Unconditional promises to give, non-current portion	(439,217)	(470,284)
Net assets with donor restrictions	(119,551)	(135,582)
	(94,815,297)	(95,037,401)
Financial assets available to meet cash needs for general expenditures within one year	$ 20,596,935	$ 22,497,430

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 26, 2024, the date the financial statements were issued.