

During the years ended June 30, 2008 and 2007, the University paid the Foundation \$45,293 and \$46,359, respectively, for certain reimbursable expenses. There were no uncollected reimbursable expenses as of June 30, 2008 and 2007.

On July 1, 2005, the Foundation entered into an agreement with the University to provide administrative services and facilities to the Foundation which expires on June 30, 2010. During each of the years ended June 30, 2008 and 2007, the Foundation paid \$250,000 to the University under this agreement.

Since 2001, the University of Georgia Athletic Association (the "Athletic Association") has transferred funds to the Foundation for investment management. The Foundation recorded a liability for the funds because the Athletic Association has ultimate control over the use of the assets and has the ability to request that all funds be returned at any time. As of June 30, 2008 and 2007, the total value of the funds held for the Athletic Association, including reinvested earnings, was \$2,839,202 and \$3,025,134, respectively.

In previous years, the Foundation funded deferred compensation to benefit the President of the University. As of June 30, 2008 and 2007, the value of deferred compensation is \$786,106 and \$837,591, respectively, and includes net earnings from the Foundation's long-term investment pool. This deferred compensation is fully vested and is included in funds held for others in the consolidated statements of financial position.

During the years ended June 30, 2008 and 2007, the Foundation transferred \$23,563,637 and \$19,982,347, respectively, to the University for scholarships and donor-restricted support. As of June 30, 2008 and 2007, outstanding transfers of \$847,156 and \$892,715, respectively, were due to the University. During the years ended June 30, 2008 and 2007, the Foundation transferred \$1,529,051 and \$799,745, respectively, to the Athletic Association for donor-restricted support. As of June 30, 2008 and 2007, there were no outstanding transfers due to the Athletic Association.

## **11. U.S. INCOME TAX STATUS**

The Foundation is a nonprofit organization exempt from tax under Section 501(c)(3) of the Internal Revenue Code (IRC). The Internal Revenue Service has determined that the Foundation is not a private foundation under Section 509(a) of the IRC. Contributions made to the Foundation are deductible by the donors. The Foundation is subject to federal income tax on unrelated business income.

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