

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2019

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements:	
Statement of Financial Position	4
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9
Supplementary Information:	
I. Schedule of Financial Position	25
II. Schedule of Revenues, Gains, and Support	26
III. Schedule of Functional Expenses	27
IV. Schedule of Capital Assets	28
V. Schedule of Bonds Payable	29
VI. Schedule of Bonds Payable Amortization	30
VII. Statement of Activities - Ancillary	31
VIII. Bayou Classic 2019 – Proceeds and Distributions	32
IX. Bayou Classic 2019 – Reconciliation Schedule	33
Report on Compliance with the Affiliation Agreement	34



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Southern University System Foundation
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Southern University System Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OFFICES:

2740 RUE DE JARDIN
STE.100
LAKE CHARLES
LOUISIANA 70605
(O) 337-478-7902
(F) 337-478-3345

5100 WESTHEIMER
SUITE 230
HOUSTON
TEXAS 77056
(O) 713-588-4460
(F) 713-966-6125

WWW.JWALKERCO.COM

MEMBER OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern University System Foundation as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of financial position, schedule of revenues, gains, and support, schedule of functional expenses, schedule of capital assets, schedule of bonds payable, and schedule of bonds payable amortization are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Statement of Activities – Ancillary, Bayou Classic 2019 – Proceeds and Distributions, and Bayou Classic 2019 – Reconciliation Schedule have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

J. Walker & Company, APC

Lake Charles, Louisiana

September 17, 2020



BASIC FINANCIAL STATEMENTS

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

STATEMENT OF FINANCIAL POSITION

(Consolidated)

December 31, 2019

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,120,385
Prepaid expenses	648,801
Pledges receivable, net	1,014,882
Other receivables	360,134
Due from affiliates	4,086
	<u>3,148,288</u>

Total Current Assets 3,148,288

Property, Plant, and Equipment:

Property, plant, and equipment, net	<u>8,568,690</u>
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Total Property, Plant, and Equipment 8,568,690

Other Assets:

Amortization of intangibles	4,464
Restricted assets:	
Restricted cash	1,451,883
Investments	15,279,973
Capitalized lease receivable	<u>22,070,000</u>

Total Other Assets 38,806,320

TOTAL ASSETS \$ 50,523,298

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

STATEMENT OF FINANCIAL POSITION

(Consolidated)

December 31, 2019

LIABILITIES

Current Liabilities:

Accounts payable	\$ 490,688
Accrued expenses and other liabilities	522,152
Amounts held in custody for others	11,599,797
Loans payable	182,134
Bonds payable	<u>793,336</u>

Total Current Liabilities 13,588,107

Non-current Liabilities:

Loans payable	5,566,397
Rental deposit	5,283
Bonds payable, net	<u>22,177,223</u>

Total Non-current Liabilities 27,748,903

Total Liabilities 41,337,010

NET ASSETS

Without donor restrictions	3,564,980
With donor restrictions	<u>5,621,308</u>

Total Net Assets 9,186,288

TOTAL LIABILITIES AND NET ASSETS \$ 50,523,298

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

STATEMENT OF ACTIVITIES

(Consolidated)

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions and other support	\$ 1,313,937	\$ 7,792,810	\$ 9,106,747
Grants	-	113,998	113,998
Rental income	883,286	186,406	1,069,692
Bayou classic revenues	-	172,712	172,712
Athletic sponsorships and support	15,000	50,000	65,000
Total Revenues and Support	<u>2,212,223</u>	<u>8,315,926</u>	<u>10,528,149</u>
Administration fees	470,015	-	470,015
Donor fees and registration	185,919	171,830	357,749
Interest and dividends, net of fees	34,452	127,973	162,425
Net realized gain (loss)	-	(19,823)	(19,823)
Net unrealized gain (loss)	-	455,250	455,250
Total Other Revenues and Gains	<u>690,386</u>	<u>735,230</u>	<u>1,425,616</u>
Net Assets Released from Restriction	<u>8,487,756</u>	<u>(8,487,756)</u>	<u>-</u>
Total revenues, gains, and support	<u>11,390,365</u>	<u>563,400</u>	<u>11,953,765</u>
Expenses			
Program services	9,361,249	-	9,361,249
Management and general	2,049,834	-	2,049,834
Fundraising	186,973	-	186,973
Total Expenses	<u>11,598,056</u>	<u>-</u>	<u>11,598,056</u>
Change in Net Assets	(207,691)	563,400	355,709
Beginning Net Assets, as restated	<u>3,772,671</u>	<u>5,057,908</u>	<u>8,830,579</u>
Ending Net Assets	<u>\$ 3,564,980</u>	<u>\$ 5,621,308</u>	<u>\$ 9,186,288</u>

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

(Consolidated)

Year Ended December 31, 2019

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Administrative cost - fees	\$ 197,761	\$ -	\$ -	\$ 197,761
Advertising and promotion	84,002	87,321	-	171,323
Bad debt expense	12,679	-	-	12,679
Bank fees and loan costs	54,364	14,464	-	68,828
Bayou Classic expense	-	-	186,973	186,973
Bond interest expense	919,293	-	-	919,293
Capital enhancement project	590,038	-	-	590,038
Computer, equipment lease, and other rentals	119,886	18,335	-	138,221
Conferences & meetings	127,428	11,090	-	138,518
Contributed services	-	291,734	-	291,734
Cultivation/recognition	84,382	23,243	-	107,625
Depreciation	-	239,076	-	239,076
Equipment and resource materials	119,659	-	-	119,659
Faculty/staff development	39,618	93,256	-	132,874
Foundation security	20,010	20,010	-	40,020
Insurance	40,751	13,284	-	54,035
Information technology maintenance	52,006	65,259	-	117,265
Interest expenses	137,847	-	-	137,847
Maintenance	114,587	2,336	-	116,923
Materials and supplies	278,971	67,769	-	346,740
Membership dues & subscription	47,309	5,842	-	53,151
Other expenses	-	5,076	-	5,076
Postage and mailing	11,659	39,454	-	51,113
Printing and publication	81,877	119,501	-	201,378
Professional fees and contracts	842,264	244,480	-	1,086,744
Property taxes	416	-	-	416
Public/community support	245,733	32,540	-	278,273
Retirement contribution	-	11,700	-	11,700
Salaries & related expenses	65,553	260,178	-	325,731
Scholarship and educational assistance	647,138	49,637	-	696,775
Telecommunications	2,760	1,285	-	4,045
Travel and transportation	145,933	79,076	-	225,009
University events and programs	4,252,915	253,888	-	4,506,803
Utilities cost	24,410	-	-	24,410
Total	\$ 9,361,249	\$ 2,049,834	\$ 186,973	\$ 11,598,056

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2019

Cash Flows from Operating Activities:

Change in net assets	\$ 355,709
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	239,076
(Increase) decrease in:	
Pledges receivable	(330,014)
Prepaid expenses	17,501
Other receivables	(107,839)
Capital lease receivable	415,000
Due from affiliate	114,294
Increase (decrease) in:	
Accounts payable	(129,525)
Accrued expenses	55,243
Amounts held in custody for others	4,611,507
Rental deposit	871
Net Cash (Used) Provided by Operating Activities	<u>5,241,823</u>

Cash Flows from Investing Activities

Purchases of investments	(5,511,762)
Purchases of property and equipment	<u>(3,477,776)</u>
Net Cash (Used) Provided by Investing Activities	(8,989,538)

Cash Flows from Financing Activities

Proceeds from debt borrowings	3,138,414
Repayments of debt borrowings	<u>(652,713)</u>
Net Cash (Used) Provided by Financing Activities	2,485,701

Net Increase (Decrease) in Cash and Cash Equivalents (1,262,014)

Cash and Cash Equivalents, beginning of year 3,834,282

(including restricted cash)

Cash and Cash Equivalents, end of year \$ 2,572,268

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements
December 31, 2019

Note 1 – Nature of Activities and Significant Accounting Policies

Organization and Purpose

The Foundation is a non-profit corporation organized to promote the educational and cultural welfare of the Southern University and Agricultural and Mechanical College System, and to develop, expand, and improve the System's facilities.

The consolidated financial statements of the Foundation include:

- The Foundation as described above; and
- Millennium Housing, LLC (Millennium) a non-profit corporation organized under the laws of the State of Louisiana and owned by the Foundation. Millennium was formed to develop facilities and other auxiliary capital projects for the Southern University System.

Throughout the notes to the consolidated financial statements the Foundation and Millennium will be collectively referred to as the Foundation. The financial statements of the Foundation and Millennium have been consolidated as they are under common management.

The Foundation has entered into an agreement with the Southern University at Baton Rouge campus to jointly promote the ancillary activities of the Bayou Classic with a representative organization from Grambling State University. The promoters share joint revenues and expenses equally. The promoters engaged the services of a third-party event manager to handle game management as well as sponsor solicitation. The event manager collects events proceeds and incurs expenses on behalf of the promoters and remits the net proceeds to the Foundation.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Assets

The Foundation's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statement of Not-for-Profit Entities. Under the ASU 2016-14, the Foundation is required to report only two classes of net assets: "net assets without donor restrictions" and "net assets with donor restrictions."

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Net Assets without Donor Restrictions – are available for use at the discretion of the Board of Trustees (the Board) and /or management for general operating purposes.

Net Assets with Donor Restrictions – are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment returns available for operations.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and Cash Equivalents

For accounting and reporting purposes, cash and cash equivalents include cash on hand, demand deposits, and all highly liquid investments with original maturities of three months or less. However, cash and cash equivalents that are required by donors to be maintained permanently are classified with endowment investments.

Restricted Assets

Cash and cash equivalents, and investments that are held on behalf of the Southern University System are classified as restricted assets in the statement of financial position along with assets held by the Bond Trustee on behalf of the Millennium Housing, LLC for the construction projects.

Fixed Assets

Fixed assets of the Foundation are recorded as assets and are stated at historical cost if purchased or at fair value at the date of the gift, if donated. The Foundation utilizes the straight-line method of depreciation over the estimated useful life of the asset. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. The Foundation follows the practice of capitalizing all fixed asset purchases that exceed \$1,000.

The useful lives of the Foundation's assets are estimated as follows:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures, and Office Equipment	5-10 years
Scoreboard Equipment	10 years
Software	5 years
Leasehold Improvements	39 years

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Endowment

Endowment investments are in short-term money market securities, equity investments, and fixed income investments. Endowment investments are carried at cost, which approximates market value. Interest earned from investments, including realized and unrealized gains and losses, is reported in the net assets without donor restrictions class except where the instructions of the donor specify otherwise. The investment policies and other disclosures are discussed in note 25.

Pledges

Unconditional promises to give are recognized as revenue in the period in which a written or oral agreement to contribute cash or other assets is received. An allowance for doubtful accounts is established based on the prior collection history of pledged contributions and management's analysis of specific promises made. Conditional promises to give are not recognized until they become unconditional; that is, when the donor-imposed conditions are substantially met.

Prepaid Expenses

Prepaid expenses are primarily insurance, software, and rent.

Investments and Investment Income

Investments in equity securities and mutual funds are measured at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recorded as an increase in the amounts held in custody for others liability account as the investments are held on behalf of the University.

Revenue Recognition

Contributions are recorded when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases those net asset classes. When a donor restriction expires, with donor restricted net assets are reclassified and reported in the statement of activities as net assets without donor restrictions. Contributions restricted for acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service. The Foundation does not currently imply time restrictions on contributions of long-lived assets about how long the donated asset must be used.

Compensated Absences

The Foundation accounts for compensated absences (e.g., unused vacation, sick leave) as directed by the Financial Accounting Standards Board Accounting Standards Codification No. 710-10-50-1 (FASB ASC 710-10-50-1), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits. As of December 31, 2019, no estimates were made for compensated absences.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of revenue bonds payable and notes payable with contractual maturities greater than one year.

Functional Allocation of Expenses

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Cost common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and Millennium Housing, LLC. All material intercompany transactions have been eliminated.

Taxes Status

The Foundation operates as a public charity under Section 501(c) (3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes and the excise tax which applies to certain foundations. However, the Foundation is subject to income tax on any unrelated business taxable income. Since the Foundation had no unrelated business income for the year ended December 31, 2019, no provision for income taxes is included in the accompanying financial statements.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 are:

Financial assets:

Cash and Cash Equivalents	\$ 2,572,268
Pledge Receivable	1,014,882
Other Receivable	360,134
Investments	15,279,973
Due from affiliates	<u>4,086</u>
Total Financial Assets	19,231,343
Less:	
Investments (Restricted in Perpetuity)	<u>15,279,973</u>
Total Financial Assets Available Within One Year	<u><u>\$ 3,951,370</u></u>

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Note 3 – Prepaid Expenses

Prepaid insurance	\$ 625,962
Prepaid software, rent, and other items	<u>22,839</u>
Total	<u>\$ 648,801</u>

Note 4 – Pledges Receivable

Unconditional pledges receivables are due as follows at December 31, 2019:

Less than one year	\$ 739,714
One to five years	<u>710,496</u>
Gross pledges receivable	1,450,210
Less: allowance for doubtful accounts	<u>(435,328)</u>
Pledges receivable, net	<u>\$1,014,882</u>

Note 5 – Other Receivables

As of December 31, 2019, other receivables totaled \$360,134, including Bayou Classic receivables \$119,253. Management believes all receivables to be collectible; therefore, no allowance for doubtful collection is recorded.

Note 6 – Fair Value of Financial Instruments

FASB Accounting Standards Codification Topic 820, “Fair Value Measurements” (Topic 820), requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. The foundation reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximized the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability’s measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets.
 - quoted prices for identical or similar assets in markets that are not active.
 - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

— inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the organization measures fair value using level 1 input because they generally provide the most reliable evidence of fair value. All fair value measurements are considered Level 1 measurements as of December 31, 2019

The primary uses of fair value measures in the organization's financial statements are

- Initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- Recurring measurement of investments.
- Recurring measurement of endowments.

Note 7 – Investments

Investments are stated at market value (fair value) in accordance with FASB ASC Topic 958-320, Accounting for Certain Investments Held by Not-For-Profit Organizations. Net appreciation (depreciation) in the fair value of investments, which consists of realized gains and losses and the unrealized appreciation (depreciation) on those investments, is shown in the statement of activities.

Investments consist of the following on December 31, 2019:

Description	Fair Value	Level 1
Money market funds	\$ 414,638	\$ 414,638
Exchange-traded products	10,605,966	10,605,966
Equities	2,407,024	2,407,024
Fixed income	1,852,345	1,852,345
Total	<u>\$ 15,279,973</u>	<u>\$ 15,279,973</u>

The above total represents the amount of investments that are maintained and managed on behalf of the Southern University System. These amounts are classified as non-current restricted assets in the Statement of Financial Position.

As discussed in note 6 to these financial statements, the foundation is required to report its fair value measurements in one of three levels, which are based on ability to observe in the marketplace the inputs to Foundation's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of December 31, 2019, including investments measured at NAV if the NAV is determined as the fair value per share (unit) is published, and is the basis for current transactions. All fair value measurements of investments are considered level 1 measurements as of December 31, 2019.

The organization uses the following ways to determine the fair value of its investments:

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Money market funds: Determined by the published NAV per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

Equity securities traded on national securities exchanges: Determined by the closing price on the last business day of the fiscal year.

Note 8 – Capitalized Lease Receivable

The Foundation entered into a cooperative agreement with the Southern University System's Board to lease the projects included in the bond issuance. The Southern University System's Board will lease certain facilities from the Foundation under the facility lease and pay rent, subject to the appropriation, in an amount which will be sufficient to pay the principal and interest on the Series 2006 Bonds. The amounts due from the Southern University System's Board are as follows:

Year Ending December 31,	
2020	1,720,075
2021	1,717,825
2022	1,718,825
2023	1,717,825
2024	1,714,825
2025 and thereafter	<u>23,980,475</u>
Total minimum payments	32,569,850
Less amount representing interest	<u>(10,499,850)</u>
	<u>\$ 22,070,000</u>

Note 9 – Property, Plant, and Equipment

Land, building and equipment as of December 31, 2019 are summarized as follows:

Land and improvements	\$1,215,840
Building	6,943,959
Office equipment	256,465
Software	126,242
Other fixed assets	<u>3,411,619</u>
Subtotal	\$11,954,125
Less: Accumulated Depreciation	<u>(3,385,435)</u>
Total	<u>\$8,568,690</u>

Depreciation expense totaled \$239,076 for the year ended December 31, 2019.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Note 10 – Southern University Business Incubator

In 2014, the Foundation received a federal grant for \$1,000,000 to purchase land and build a revenue generating facility that offers eight (8) office spaces to be rented out to the public. The grant provides reimbursement of eighty percent (80%) of the expenses and the Foundation is responsible for the remaining twenty percent (20%) of expenses. The Business Incubator started in operation in fall of 2018.

Note 11 – Administrative Fee

The Foundation earns a monthly fee which is based upon the total cash deposits managed by the Foundation on behalf of the System. Any deposits made that are applicable to scholarships are charged an administrative fee of 2%; all additional fees are charged at 4%. The Foundation received \$470,015 in administrative fees for the year.

Note 12 – Due from Affiliate, and Amounts Held in Custody for Others

The Southern University System has contracted with the Foundation to invest the University's Endowed Chair for Eminent Scholars and Endowed Professorship Endowment Funds. The Endowed Chairs for Eminent Scholars Endowment Funds are established for \$1,000,000 with \$600,000 of private contributions and \$400,000 of state matching portion allocated by the Board of Regents for Higher Education. The Endowed Professorship Program Endowment Funds are established for \$100,000 with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. The amount due to the Southern University System as of December 31, 2019 for the Endowed chair and professorship program totaled \$11,599,797. The Foundation also has certain receivables due from the Southern University System. These receivables include costs that were initially paid by the Foundation for which a reimbursement is due from the System.

The following is a summary of the due from affiliate, and amounts held in custody for others amounts as of December 31, 2019:

Amounts held in custody for others:		
Southern University System	\$	11,599,797
Due from affiliate:	\$	4,086

Note 13 – Bonds Payable

On December 13, 2006, the Louisiana Public Facilities Authority issued \$59,990,000 of Louisiana Public Facilities Authority Revenue Bonds (Series 2006) to the Foundation. The proceeds of the bonds are being used to (i) finance the design, development, acquisition, construction, installation, renovation, and equipping of (a) Student Housing Facilities to be located on the campus of Southern University and Agricultural and Mechanical College in Baton Rouge, Louisiana (SUBR), (b) certain auxiliary student projects, including a student intramural sports complex, a portion of a football and track complex, a baseball field house and north end seating in Mumford Stadium and refinancing a loan for the football field restoration at SUBR, all equipment, furnishings, fixtures, and facilities incidental or necessary in connection therewith at SUBR, and (d) acquiring a building to be used by Southern University at Shreveport, Louisiana (SUSLA) (collectively, the "Project"), (ii) refinance portions of a bridge loan incurred to pay certain of such costs prior to delivery of the Series 2006 Bonds, (iii) pay costs of issuance including premium on the Bond

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Insurance Policy, (iv) fund a reserve fund, and (v) pay capitalized interest during construction of the Project.

The Foundation is required to submit certain prescribed documentation within 180 days after the last day of each Fiscal Year to the Bond Insurer and the Trust Officer. These documents include financial reports certified by independent certified public accountants, a copy of the budget, a no default certificate, a copy of the developer's certificate, and a copy of the disclosure certificate. As of December 31, 2019, the Foundation is in compliance with the terms of the bond indenture.

In 2018 Millennium Housing, LLC (the sole member of which is the Southern University System Foundation) and the Louisiana Public Facilities Authority entered into an agreement to issue \$22,485,000 aggregate principal amount of Refunding Revenue Bond Series 2018. The purpose of the bonds is for the refunding of all the Refunded Bonds, fund a debt service reserve fund and paying the cost of the issuance of the Bonds. The transactions occurred to allow a new bond issue to be made for the replacement of The Refunded Bond balance not defeated in 2017, the balance of which was \$23,145,000 remaining from the 2006 series bond issue secured to build student apartments on the Baton Rouge Campus of Southern University.

The outstanding Series 2006 bonds are required to be paid as follows for the next five periods and thereafter:

Year Ending December 31,	
2020	\$ 745,000
2021	780,000
2022	820,000
2023	860,000
2024	900,000
2025 and thereafter	<u>17,965,000</u>
	<u>\$22,070,000</u>

The outstanding Series 2006 bonds payable premiums are required to be paid as follows for the next five periods and thereafter:

Year Ending December 31,	
2020	\$ 48,336
2021	48,336
2022	48,336
2023	48,336
2024	48,336
2025 and thereafter	<u>658,879</u>
	<u>\$ 900,559</u>

Interest expense related to the bonds for the year ended December 31, 2019 totaled \$985,450.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Note 14 – Loans Payable

Multiple Advance Loan - Valdry Center

The Foundation has a multiple advance loan obligation with Whitney Bank bearing a variable interest rate. The principal amount of the business loan agreement is \$4,400,000 with interest payments commencing on June 1, 2019 and annually on the same day each year thereafter. Once the total amount of principal has been advanced under this note, the Foundation will not be entitled to further loan advances. Effective June 2, 2020 (the "Conversion Date"), the Foundation will not be entitled to any further advances on the Non-Revolving Line of Credit, interest shall accrue on the outstanding balance in effect as of the conversion date at the variable rate of One Month LIBOR plus a margin of 1.10%. The Note shall then be payable in seven (7) annual payments of interest plus principal beginning June 1, 2021, and annually on the same day thereafter, with the entire unpaid balance of principal and interest being payable on June 1, 2028. The specific purpose of this business loan is to finance the construction of the Valdry Center located at the Baton Rouge campus. The loan is collateralized by the real estate where the Center is located and other machinery, equipment and furniture located within the center. Loan maturities for each of the five years following December 31, 2019 are as follows:

Year Ending December 31,	
2020	\$ -
2021	628,571
2022	628,571
2023	628,571
2024	628,571
2025 and thereafter	<u>1,885,716</u>
	<u>\$ 4,400,000</u>

Hancock Whitney Bank Loan

The Foundation has an obligation to Whitney Bank bearing interest at 5.99%. The loan is payable in annual principal and interest payments of \$ 91,843 each, beginning August 24, 2020; and one (1) final principal and interest payment on August 24, 2022.

Loan maturities for each of the five years following December 31, 2019 are as follows:

Year Ending December 31,	
2020	79,940
2021	86,940
2022	<u>77,995</u>
Total	<u>\$ 244,875</u>

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Hancock Whitney Bank Scoreboard Loan

The Foundation also has an obligation to Whitney Bank bearing interest at 4.60%. The principal amount of the business loan agreement is \$750,000. The loan is payable in annual installments of \$95,566, including interest, and is collateralized by a stadium scoreboard with an outdoor video screen, as well as rental revenues from electronic advertisements on the Southern University campus.

Loan maturities for each of the five-year following December 31, 2019 are as follows.

Year Ending December 31,	
2020	102,194
2021	106,895
2022	111,812
2023	116,955
2024	122,335
2025 and thereafter	<u>543,465</u>
Total	<u>\$ 1,103,656</u>

Note 15 – Rental Deposit

The Foundation leased the innovation center to various outside tenants. On December 31, 2019, the balance of the rental deposit totaled \$5,283.

Note 16 – Ground Lease

Pursuant to the Cooperative Endeavor and Lease Agreement between the Foundation and the Board of Supervisors of Southern University and Agricultural and Mechanical College, the Foundation (the “Lessee”) will lease the land on which the student housing facilities and certain auxiliary student facilities are being constructed and/or renovated for the Board of Supervisors of Southern University and Agricultural and Mechanical College (the “Lessor”). The annual rents will total \$100 and the term is equal to the term of the Series 2006 bonds, terminating on the date of payment in full or defeasance of the Series 2006 bonds.

Note 17 – Accrued Expenses

As of December 31, 2019, accrued expenses are as follows:

<u>Accrued expenses</u>	
Accrued interest payable	\$ 487,538
Retainage payable	<u>34,614</u>
Total	<u>\$ 522,152</u>

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

Note 18 – Restated Net Assets

The beginning net assets for the year ended December 31, 2019 were restated to properly reflect the balance which is due from the Southern University System at year end. Changes to net assets as a result of the corrections are shown below:

	Without donor restrictions	With donor restrictions	Total
Originally stated at January 1, 2019	\$ 3,844,724	\$ 5,057,908	\$ 8,902,632
Change in due from affiliate	(72,053)	-	(72,053)
As restated at January 1, 2019	\$ 3,772,671	\$ 5,057,908	\$ 8,830,579

Note 19 – Net Asset with Donor Restrictions

At December 31, 2019, net assets with donor restrictions are available for the following purposes or periods:

Purpose restrictions, available for spending:

Accrued Interest Payable	\$ 487,538
Bonds Payable and Premium	793,336
	1,280,874

Time restrictions:

Contributions and others, which are unavailable for spending until due, some of which are also subject to purpose restrictions	4,340,434
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Total	\$ 5,621,308
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Note 20 – Concentrations of Risk

The Southern University System Foundation has a Capitalized Lease Receivable due from the Southern University System in the amount \$22,070,000. Payments are made to the Foundation totaling the amount of annual principal and interest due to service the Foundation's bond repayments. A loss in students or funding to the Southern University System could potentially result in the Foundation defaulting on their bond obligations. There is currently no cause for concern regarding the Southern University System's ability to repay the Capitalized Lease.

The Foundation's cash balances are held in savings and trust, as well as investment institutions. The Federal Deposit Insurance Corporation ("FDIC") provides deposit insurance coverage on non-interest bearing and interest-bearing accounts for deposits up to \$250,000. The FDIC insurance coverage limit applies per depositor and per insured depository institution for each ownership category. As of December 31, 2019, funds on deposit with savings and trust institutions exceeded FDIC limits by \$2,322,268. However, the excess funds are placed into a "Sweep Account," which automatically transfers amounts that exceed the FDIC limit into an overnight investment account at the close of each business day to ensure the funds are secure.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

The Foundation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

Note 21 – Contingencies

Amounts received may be restricted per donor specification. Failure by the Foundation to comply with donor specifications may result in the donor requesting that the contribution be returned. As of December 31, 2019, the Foundation has met all donor specification on all temporarily and permanently restricted contributions, and accordingly, no provision has been made for any liabilities that might arise from noncompliance.

Note 22 – Affiliation Agreement

The purpose of the Foundation is to receive, hold, invest, and administer property and to make expenditures to support programs and activities designed to advance, promote, or otherwise benefit the Southern University System. Because of the close association of the Foundation with the System, an affiliation agreement was entered into by both parties on January 25, 2002.

During the year ended December 31, 2019, the Southern University System Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amount of \$5,323,237.

Note 23 – Board of Directors

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2019.

Note 24 – Related Party Transactions

Certain board members of the Foundation are also board members of the Southern University System Board. The Southern University System provides certain payroll management functions, as well as office space, meeting space, utilities, and use of all office furniture and equipment to the Foundation for a nominal monthly fee. The value of these services has not been determined by the University. The Southern University System has also entered into a cooperative endeavor agreement with the Foundation to manage certain endowments on their behalf. The Foundation is allowed to charge the University an administration fee for these services. In addition to the aforementioned agreement, the Foundation entered into a cooperative endeavor agreement with the University to construct certain housing facilities as well as other projects through a bond issuance. The University has agreed to pay certain rents to the Foundation for these services. The total amount of rent and interest paid during the year ended December 31, 2019 totaled \$1,278,048. The schedule of rent payment coincides with the debt service payments.

Southern University provides to the Foundation without cost, services for the administration of the Foundation in the form of personnel. In addition, Southern University provides, without cost, certain other operating services associated with the Foundation. These services are valued at their estimated cost to Southern University. The amounts for these services have been reflected as contributed services revenue and corresponding general administrative services expenses in the financial statements. The value of these

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

services was estimated at approximately \$291,734 for the year ended December 31, 2019.

Under GASB 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34”, the Foundation is considered to be a discretely presented component unit of the Southern University System. As such, the financial statements of the Foundation are required to be presented in the financial reporting of the System.

Note 25 – Endowments

Investment Policies

The Foundation has adopted investment policies for the endowment assets that attempt to provide a predictable stream of funding for the program supported by the endowment while seeking to maintain the purchasing power of the endowment assets.

Net Asset Classification

ASC 958-205, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management Institutional Funds Act and Enhanced Disclosures for all Endowment funds provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC-958-205 also improves disclosures about an organization’s endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Foundation’s endowments consist of individual funds established for Endowed Chairs, Endowed Professorships, and Endowed Scholarships. The Foundation’s endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

As on December 31, 2019, the Foundation’s endowments were classified as follows:

	Without donor restrictions	With donor restrictions	Total
Donor Restricted	\$ -	\$ 11,599,797	\$ 11,599,797
Board-designated	3,680,176	-	3,680,176
Total	<u>\$ 3,680,176</u>	<u>\$ 11,599,797</u>	<u>\$ 15,279,973</u>

The changes in endowment net assets for the year ended December 31, 2019, are as follows:

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Notes to Financial Statements (Continued)
December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning balance	\$ 1,669,434	\$ 8,098,777	\$ 9,768,211
Contributions	4,079,120	2,911,232	6,990,352
Distributions	(2,512,410)	(1,040,000)	(3,552,410)
Investment return, net	444,032	1,629,788	2,073,820
Endowment net assets, ending balance	\$ 3,680,176	\$ 11,599,797	\$ 15,279,973

Note 26 – The Valdry Center

The Valdry Center for Philanthropy at Southern University (“VCP”) is an academically based research center focused on philanthropic studies and nonprofit management. With no such academic unit at a Historically Black College or University; VCP brings new dimensions to the potential of philanthropic studies and nonprofit management in higher education. The Center is named for its principle benefactors Leon Valdry, Warren Valdry, and Virginia Valdry, and acknowledges the sizable gifts they have made to their alma mater for more than 50 years. Construction on the 10,967 square foot \$4.5 million building began in April of 2018 and was completed as of June 30, 2019.

Note 27 – Subsequent Events

Management evaluated subsequent events and transactions for potential recognition of disclosure in the financial statements through September 17, 2020, the date which the financial statements were available to be issued and determined the following subsequent events require disclosure.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of impact of the COVID-19 pandemic on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

SCHEDULE OF FINANCIAL POSITION

December 31, 2019

Schedule I

Assets:	<u>Foundation</u>	<u>Millennium</u>	<u>Consolidated</u>
Cash and cash equivalents	\$ 760,910	\$ 1,811,358	\$ 2,572,268
Investments	15,279,973	-	15,279,973
Pledges receivable, net	1,014,882	-	1,014,882
Other receivables	360,134	-	360,134
Prepaid expenses	22,839	625,962	648,801
Due from affiliate	4,086	-	4,086
Capitalized lease receivable	-	22,070,000	22,070,000
Property, plant, and equipment, net	8,568,690	-	8,568,690
Amortization of intangibles	4,464	-	4,464
	<hr/>	<hr/>	<hr/>
Total Assets	<u>26,015,978</u>	<u>24,507,320</u>	<u>50,523,298</u>
Liabilities:			
Accounts payable	490,688	-	490,688
Retainage payable	34,614	-	34,614
Accrued interest payable	-	487,538	487,538
Amounts held in custody for others	11,599,797	-	11,599,797
Current portion of long term debt	182,134	793,336	975,470
Long term debt, net	5,566,397	22,177,223	27,743,620
Rental deposit fund	5,283	-	5,283
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>17,878,913</u>	<u>23,458,097</u>	<u>41,337,010</u>
Net Assets:			
Beginning net assets, as restated	7,692,616	1,137,963	8,830,579
Change in net assets	444,449	(88,740)	355,709
	<hr/>	<hr/>	<hr/>
Total Ending Net Assets	<u>8,137,065</u>	<u>1,049,223</u>	<u>9,186,288</u>
Total Liabilities and Net Assets	<u>\$ 26,015,978</u>	<u>\$ 24,507,320</u>	<u>\$ 50,523,298</u>

See Independent Auditors' Report.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

SCHEDULE OF REVENUES, GAINS, AND SUPPORT
Year Ended December 31, 2019

Schedule II

	<u>Foundation</u>	<u>Millennium</u>	<u>Consolidated</u>
Revenue and Support			
Contributions and other support	\$ 9,106,747	\$ -	\$ 9,106,747
Grants	113,998	-	113,998
Rental income	206,644	863,048	1,069,692
Bayou classic revenues	172,712	-	172,712
Athletic sponsorships and support	<u>65,000</u>	<u>-</u>	<u>65,000</u>
Total Revenue and Support	<u>9,665,101</u>	<u>863,048</u>	<u>10,528,149</u>
Other Revenues and Gains			
Administration fees	470,015		470,015
Donor fees and registration	357,749		357,749
Interest and dividends, net of fees	128,231	34,194	162,425
Net realized (loss) gain	(19,823)	-	(19,823)
Net unrealized (loss) gain	455,250	-	455,250
Transfer	<u>2,812</u>	<u>(2,812)</u>	<u>-</u>
Total Other Revenue and Gains	<u>1,394,234</u>	<u>31,382</u>	<u>1,425,616</u>
Total Revenue	<u>\$ 11,059,335</u>	<u>\$ 894,430</u>	<u>\$ 11,953,765</u>

See Independent Auditors' Report.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2019

Schedule III

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	
<u>THE FOUNDATION</u>				
Administrative cost - fees	\$ 197,761	\$ -	\$ -	\$ 197,761
Advertising and promotion	84,002	87,321	-	171,323
Bad debt expense	12,679	-	-	12,679
Bank fees and loan costs	31,097	14,464	-	45,561
Bayou classic expense	-	-	186,973	186,973
Capital enhancement project	590,038	-	-	590,038
Computer, equipment lease, and other rentals	119,886	18,335	-	138,221
Conferences & meetings	127,428	11,091	-	138,519
Contributed services	-	291,734	-	291,734
Cultivation/recognition	84,382	23,243	-	107,625
Depreciation	-	239,076	-	239,076
Equipment and resource materials	119,659	-	-	119,659
Faculty/staff development	39,618	93,256	-	132,874
Foundation security	20,010	20,010	-	40,020
Insurance	7,806	13,284	-	21,090
Information technology maintenance	52,006	65,259	-	117,265
Interest expenses	137,847	-	-	137,847
Maintenance	114,587	2,336	-	116,923
Materials and supplies	278,971	67,769	-	346,740
Membership dues & subscription	39,643	5,842	-	45,485
Other expenses	-	5,076	-	5,076
Postage and mailing	11,659	39,454	-	51,113
Printing and publication	81,877	119,501	-	201,378
Professional fees and contracts	842,264	244,480	-	1,086,744
Property taxes	416	-	-	416
Public/community support	245,733	32,540	-	278,273
Retirement contribution	-	11,700	-	11,700
Salaries & related expenses	65,553	260,178	-	325,731
Scholarship and educational assistance	647,138	49,637	-	696,775
Telecommunications	2,760	1,285	-	4,045
Travel and transportation	145,933	79,076	-	225,009
University events and programs	4,252,915	253,888	-	4,506,803
Utilities cost	24,410	-	-	24,410
Sub-total	<u>8,378,079</u>	<u>2,049,834</u>	<u>186,973</u>	<u>10,614,886</u>
<u>MILLENNIUM</u>				
Bank fees & charges	23,267	-	-	23,267
Bond interest expense	919,293	-	-	919,293
Insurance	32,945	-	-	32,945
Membership dues & subscription	7,665	-	-	7,665
Sub-total	<u>983,170</u>	<u>-</u>	<u>-</u>	<u>983,170</u>
Total Consolidated Expenses	<u>\$ 9,361,249</u>	<u>\$ 2,049,834</u>	<u>\$ 186,973</u>	<u>\$ 11,598,056</u>

See Independent Auditors' Report.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

SCHEDULE OF CAPITAL ASSETS

(Consolidated)

Year Ended December 31, 2019

Schedule IV

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>
	<u>12/31/2018</u>			<u>12/31/2019</u>
Capital Assets not being Depreciated:				
Land	\$ 1,215,840	\$ -	\$ -	1,215,840
Construction in progress	1,485,347	-	1,485,347	-
Total Capital Assets not being Depreciated:	<u>2,701,187</u>	<u>-</u>	<u>1,485,347</u>	<u>1,215,840</u>
 Other Capital Assets:				
Buildings	1,995,830	4,948,129	-	6,943,959
Less: accumulated depreciation	(96,382)	(124,907)	-	(221,289)
Total Buildings	<u>1,899,448</u>	<u>4,823,222</u>	<u>-</u>	<u>6,722,670</u>
 Software	122,248	3,994	-	126,242
Less: accumulated depreciation	(110,451)	(6,350)	-	(116,801)
Total Software	<u>11,797</u>	<u>(2,356)</u>	<u>-</u>	<u>9,441</u>
 Equipment, furniture and fixture	245,465	11,000	-	256,465
Less: accumulated depreciation	(146,777)	(22,086)	-	(168,863)
Total Equipment	<u>98,688</u>	<u>(11,086)</u>	<u>-</u>	<u>87,602</u>
 Other	3,411,619	-	-	3,411,619
Less: accumulated depreciation	(2,792,749)	(85,733)	-	(2,878,482)
Total Other	<u>618,870</u>	<u>(85,733)</u>	<u>-</u>	<u>533,137</u>
 Total Other Capital Assets	<u>5,775,162</u>	<u>4,963,123</u>	<u>-</u>	<u>10,738,285</u>
Total Accumulated Depreciation	<u>(3,146,359)</u>	<u>(239,076)</u>	<u>-</u>	<u>(3,385,435)</u>
 Capital Asset Summary:				
Capital assets not being depreciated	2,701,187	-	1,485,347	1,215,840
Other capital assets	<u>5,775,162</u>	<u>4,963,123</u>	<u>-</u>	<u>10,738,285</u>
Total Capital Assets	8,476,349	4,963,123	1,485,347	11,954,125
Less: Accumulated Depreciation	<u>(3,146,359)</u>	<u>(239,076)</u>	<u>-</u>	<u>(3,385,435)</u>
 Capital Assets, net	 <u>\$ 5,329,990</u>	 <u>\$ 4,724,047</u>	 <u>\$ 1,485,347</u>	 <u>\$ 8,568,690</u>

See Independent Auditors' Report

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

SCHEDULE OF BONDS PAYABLE
For the Year Ended December 31, 2019

Schedule V

Issue	Date of Issue	Original Issue	Principal Outstanding 12/31/18	(Redeemed) Issued	Principal Outstanding 12/31/19	Interest Rates	Interest Outstanding 12/31/18
Louisiana Public Facilities Authority	12/13/2006	\$ 59,990,000	\$ 22,485,000	\$ (415,000)	\$ 22,070,000	4.62%	\$ 10,499,850
Unamortized Premium - Series 2006	12/13/2006	<u>2,117,037</u>	<u>966,719</u>	<u>(66,160)</u>	<u>900,559</u>		
Total		<u>\$ 62,107,037</u>	<u>\$ 23,451,719</u>		<u>\$ 22,970,559</u>		

See Independent Auditors' Report.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

SCHEDULE OF BONDS PAYABLE AMORTIZATION

For the Year Ended December 31, 2019

Schedule VI

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	745,000	975,075	1,720,075
2021	780,000	937,825	1,717,825
2022	820,000	898,825	1,718,825
2023	860,000	857,825	1,717,825
2024	900,000	814,825	1,714,825
2025	940,000	769,825	1,709,825
2026	990,000	722,825	1,712,825
2027	1,040,000	673,325	1,713,325
2028	1,090,000	621,325	1,711,325
2029	1,145,000	566,825	1,711,825
2030	1,205,000	509,575	1,714,575
2031	1,265,000	449,325	1,714,325
2032	1,310,000	405,050	1,715,050
2033	1,360,000	359,200	1,719,200
2034	1,410,000	304,800	1,714,800
2035	1,460,000	248,400	1,708,400
2036	1,520,000	190,000	1,710,000
2037	1,585,000	129,200	1,714,200
2038	<u>1,645,000</u>	<u>65,800</u>	<u>1,710,800</u>
	<u>\$ 22,070,000</u>	<u>\$ 10,499,850</u>	<u>\$ 32,569,850</u>

See Independent Auditors' Report.

BAYOU CLASSIC 2019

STATEMENT OF ACTIVITIES - ANCILLARY

For the Year Ended December 31, 2019

(Unaudited)

Schedule VII

Revenue

Sponsorship/Programs	\$ 931,627
Ticket Sales	83,804
Other - Hotel	<u>14,323</u>
Total Revenue	1,029,754

Expenses

Programs Cost	
Bayou Classic	596,588
Battle of the Bands	120,328
Parade	42,931
Biz Tech	<u>20,015</u>
Total Programs Cost	779,862

Operating Cost

Management Fees	185,000
Corporate and Sponsorship	115,883
Marketing	<u>8,122</u>
Total Operating Cost	<u>309,005</u>

Total Expenses 1,088,867

Net Income (Loss) \$ (59,113)

See Independent Auditors' Report

BAYOU CLASSIC 2019

PROCEEDS AND DISTRIBUTIONS (Consolidated)
For the Year Ended December 31, 2019
(Unaudited)

	<u>Schedule VIII</u>
<u>Game Activities</u>	
Total Game Tickets	\$ 1,490,510
Distributions	
Expenses w/o centerplate	350,792
Southern box office	606,400
Grambling box office	434,342
Fan fest/consignments	<u>32,063</u>
	1,423,597
Game Receipts, Net	<u>66,913</u>
<u>Battle of the Bands</u>	
Tickets revenue	596,430
Distributions	
Southern university box office	94,240
Grambling state box office	83,940
Expenses w/o centerplate	<u>192,109</u>
	370,289
Net Battle of the Bands Receipts	<u>226,141</u>
Net Proceeds for Distribution	<u>\$ 293,054</u>
Net Distribution to Each Foundation	<u>\$ 146,527</u>

See Independent Auditors' Report

BAYOU CLASSIC 2019

RECONCILIATION SCHEDULE For the Year Ended December 31, 2019 (Unaudited)

Schedule IX

Revenue

Net from game and fan fest	33,457
Net from battle of the bands	<u>113,071</u>
Total	146,528

Expenses

50% of Net of NOCCI	\$ 30,566
Sponsor check paid direct	4,000
Original Bead order for Float	3,612
Coaches Luncheon	1,800
KITTT Tickets	300
Centerplate - game	73,406
Centerplate - B.O.T.B.	<u>7,830</u>

Total 121,514

Proceeds to Southern

25,014

Game box office	606,400
B.O.T.B. box office	<u>94,240</u>

700,640

Net Proceeds - Bayou Classic

\$ 725,654



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

Report on Compliance with the Affiliation Agreement with Southern University System

Board of Directors
Southern University System Foundation
Baton Rouge, Louisiana

We have examined Southern University System Foundation's compliance with the affiliation agreement with the Southern University System for the year ended December 31, 2019. Management is responsible for the Foundation's compliance with those requirements. Our responsibility is to express an opinion on the Foundation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the *American Institute of Certified Public Accountants* and, accordingly, included examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Foundation's compliance with specified requirements.

In our opinion, Southern University System Foundation complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This communication is intended solely for the information and use of management of the Southern University System Foundation, others within the organization, and Southern University System. Accordingly, this communication is not suitable for and not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana
September 17, 2020

OFFICES:

2740 RUE DE JARDIN
STE.100
LAKE CHARLES
LOUISIANA 70605
{O} 337-478-7902
{F} 337-478-3345

5100 WESTHEIMER
SUITE 230
HOUSTON
TEXAS 77056
{O} 713-588-4460
{F} 713-966-6125

WWW.JWALKERCO.COM

MEMBER OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS