

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

**FINANCIAL AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED DECEMBER 31, 2010

Sean M. Bruno

Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Consolidated Statement of Financial Position as of December 31, 2010.....	3
Consolidated Statement of Activities for the Year Ended December 31, 2010.....	5
Consolidated Statement of Cash Flows for the Year Ended December 31, 2010.....	6
NOTES TO THE FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION:	
Consolidated Supplemental Schedule of Financial Position as of December 31, 2010	24
Consolidated Supplemental Schedule of Revenues and Support for the Year Ended December 31, 2010	25
Consolidated Supplemental Schedule of Functional Expenses for the Year Ended December 31, 2010	26
OTHER SUPPLEMENTARY INFORMATION	
Consolidated Statement of Net Assets as of December 31, 2010	27
Consolidated Statement of Revenues, Expenses, and Changes in Net Assets for the Year Ended December 31, 2010	28
Notes to the Other Supplementary Information	29
SCHEDULE OF FINDINGS	36

Sean M. Bruno
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Southern University System Foundation
(A Not-For-Profit Organization)
Baton Rouge, Louisiana

I have audited the accompanying consolidated statement of financial position of the **Southern University System Foundation (the Foundation)** as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These consolidated financial statements are the responsibility of **the Foundation's** management. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **the Foundation** as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Southern University System Foundation
(A Not-For-Profit Organization)
Baton Rouge, Louisiana
Page 2

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the report (shown on pages 24 through 35) is presented for the purpose of additional analysis and is not a required part of the basic financial statements of **the Foundation**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.


SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS

October 20, 2011

Sean M. Bruno
Certified Public Accountants

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010

ASSETS

Current Assets:

Cash and cash equivalents (NOTES 2 and 15)	\$ 813,972
Investments (NOTES 2, 8 and 15)	1,738,203
Bayou Classic receivable (NOTES 4 and 15)	16,949
Other receivables	18,799
Unconditional promises to give, net of allowance of \$ 31,501 (NOTES 2, 5, and 15)	130,986
Due from affiliate (NOTES 6 and 15)	372,880
Capitalized lease receivable, current portion (NOTES 3 and 15)	1,010,000
Prepaid expenses	1,206
Prepaid bond insurance, current portion (NOTES 2 and 22)	32,945
Bond issuance costs, current portion (NOTES 2 and 22)	<u>28,978</u>

Total current assets 4,164,918

Non-current Assets:

Restricted assets:

Cash and cash equivalents (NOTES 2 and 15)	12,173,412
Investments (NOTES 2, 8, 11, and 15)	4,547,737
Plant, property and equipment, net of accumulated depreciation of \$2,175,016 (NOTES 2 and 9)	1,988,070
Capitalized lease receivable (NOTES 3 and 15)	53,447,535
Prepaid bond insurance, non-current portion, net of accumulated amortization of \$129,583 (NOTES 2 and 22)	891,722
Bond issuance cost, net of accumulated amortization of \$117,033 (NOTES 2 and 22)	<u>781,280</u>

Total non-current assets 73,829,756

Total assets \$ 77,994,674

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION, CONTINUED
AS OF DECEMBER 31, 2010

LIABILITIES

Current Liabilities:

Accounts payable	\$ 579,808
Accrued interest payable	459,345
Deferred revenue (NOTE 18)	4,500,000
Due to affiliate (NOTE 11)	4,568,781
Notes payable, current portion (NOTE 12 and 15)	258,092
Bonds payable and premium, current portion (NOTES 13, 14 and 15)	<u>1,076,157</u>

Total current liabilities 11,442,183

Non-current Liabilities

Notes payable, non-current portion (NOTE 12)	312,253
Rental deposit fund (NOTE 20)	1,876,011
Bonds payable and premium, net of accumulated amortization of \$264,629 (NOTES 13, 14 and 15)	<u>58,871,251</u>

Total non-current liabilities 61,059,515

Total liabilities 72,501,698

Net Assets (NOTE 2):

Unrestricted	1,172,159
Temporarily restricted	2,417,800
Permanently restricted	<u>1,903,017</u>

Total net assets 5,492,976

Total liabilities and net assets \$ 77,994,674

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>				
Contributions and other support	\$ 21,718	\$ 1,541,897	\$ 62,608	\$ 1,626,223
Rental income	2,744,491	-0-	-0-	2,744,491
Bayou Classic revenues	1,883,872	-0-	-0-	1,883,872
Scoreboard sponsorships	150,000	-0-	-0-	150,000
Athletic sponsorships and support	-0-	387,624	-0-	387,624
Interest income	14,894	53,590	-0-	68,484
Realized / Unrealized investment losses, net of gains	26,564	31,363	-0-	57,927
Other income	46,276	-0-	-0-	46,276
Net assets released from restrictions:				
Satisfaction of program restrictions (NOTE 16)	<u>1,606,567</u>	<u>(1,606,567)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues and other support	<u>6,494,382</u>	<u>407,907</u>	<u>62,608</u>	<u>6,964,897</u>
 <u>EXPENSES</u>				
Program services	6,644,534	-0-	-0-	6,644,534
Support services	<u>717,819</u>	<u>-0-</u>	<u>-0-</u>	<u>717,819</u>
Total expenses	<u>7,362,353</u>	<u>-0-</u>	<u>-0-</u>	<u>7,362,353</u>
Changes in net assets	<u>(867,971)</u>	<u>407,907</u>	<u>62,608</u>	<u>(397,456)</u>
Net assets, beginning of year	2,965,130	2,009,893	1,840,409	6,815,432
Net assets restatements	<u>(925,000)</u>	<u>-0-</u>	<u>-0-</u>	<u>(925,000)</u>
Beginning net assets, restated	<u>2,040,130</u>	<u>2,009,893</u>	<u>1,840,409</u>	<u>5,890,432</u>
Net assets, end of year	<u>\$ 1,172,159</u>	<u>\$ 2,417,800</u>	<u>\$ 1,903,017</u>	<u>\$ 5,492,976</u>

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (397,456)
Adjustments to reconcile expenses in excess of revenues to net cash provided by operating activities:	
Increase in allowance for doubtful accounts	10,407
Amortization expense	30,100
Depreciation expense	271,135
Decrease in Bayou Classic receivable	189,274
Decrease in other receivables	5,352
Decrease in unconditional promises to give	7,316
Decrease in due from affiliate	9,447
Increase in prepaid expenses	(1,206)
Decrease in prepaid bond insurance	32,946
Increase in accounts payable	281,996
Decrease in interest payable	(7,569)
Decrease in other liabilities	(175,000)
Decrease in deferred revenue	(8,000)
Increase in due to affiliate	421,628
Decrease in bond premium	(66,157)
Net cash provided by operating activities	604,213

CASH FLOWS FROM INVESTING ACTIVITIES:

Maturities of investments	180,622
Retirement of fixed assets	2,609,940
Investment in capital lease	(1,701,387)
Net cash provided by investing activities	1,089,175

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments made on notes payable	(255,540)
Payments made on bonds payable	(970,000)
Net cash used in financing activities	(1,225,540)

Net increase in cash and equivalents	467,848
Cash and cash equivalents, beginning of year	12,519,536
Cash and cash equivalents, end of year	\$ 12,987,384

Supplemental Disclosures:

Interest paid	\$ 2,739,116.00
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The accompanying notes are an integral part of these financial statements

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - 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 University's facilities.

The consolidated financial statements of **the Foundation** include:

- **The Foundation** as described above; and
- Millennium Housing, L.L.C. (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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Tax Exemption Status

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation files as a tax-exempt organization. Should that status be challenged in the future, **the Foundation's** 2007, 2008, and 2009 tax years are open for examination by the Internal Revenue Service.

Basis of Reporting

The Foundation is a non-profit organization whose financial statements are prepared on the accrual basis. 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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Reporting, Continued

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. Actual results could differ from those estimates.

Financial Statement Presentation

The Foundation has adopted the provision of Statement of Financial Accounting Standards SFAS No. 116, "Account for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organization," which are codified in FASB ASC Topic 958 and reports its financial position and activities according to three classes of net assets according to external (donor) imposed restrictions.

A description of the three net asset categories is as follows:

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the missions of the Foundation are included in this category.

Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions (capital improvements, etc.) have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

Promises to Give

Unconditional promises to give are recognized as contribution revenue and receivables in the period in which the promise is received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at the present value of their estimated future cash flows if they are expected to be collected in more than one year.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Promises to Give, Continued

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received.

Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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 due to affiliate liability account as the investments are held on behalf of the University.

Contributions

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received.

Cash and Cash Equivalents

Cash consists solely of demand deposits and a money market account that are secured by federal deposit insurance. All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents for purposes of the statement of cash flows.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

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. 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.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which are 5 to 39 years.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

Restricted Assets

Cash and cash equivalents, certificates of deposit 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 LLC for the construction projects.

Noncurrent Liabilities

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

Principles of Consolidation

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Bonds Issuance Costs / Prepaid Bond Insurance Costs

Cost incurred in connection with the issuance of the bonds and the prepaid bond insurance are amortized using the straight-line method over the life of the bonds.

NOTE 3 - CAPITALIZED LEASE RECEIVABLE

The Foundation entered into a cooperative agreement with the Southern Board to lease the projects included in the bond issuance. The Southern 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 lease was determined to meet the requirements of a capital lease and as such, as projects are completed, they are transferred from construction in progress to Capitalized Lease Receivable. The total lease payments due from the University during the next fiscal year totals \$1,010,000. The total amount due for succeeding years totals \$53,447,535. The total capitalized lease receivable balance at December 31, 2010 totaled \$54,457,535.

NOTE 4 - BAYOU CLASSIC RECEIVABLE

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 event proceeds and incurs expenses on behalf of the promoters and remits the net proceeds to **the Foundation** after the final event settlement is completed. Bayou Classic receivable totaled \$16,949 at December 31, 2010. The amounts due from Bayou Classic related events were collected from various contributors and debtors in the subsequent fiscal year.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE:

Unconditional promises to give as of December 31, 2010 totals \$162,487. All unconditional promises to give are expected to be collected within the next fiscal year. Based on the history of prior year collections, **the Foundation** has recorded an allowance for doubtful collections of \$31,501, as such unconditional promises to give, net of the allowance totaled \$130,986 at December 31, 2010.

NOTE 6 - DUE FROM AFFILIATE:

The Foundation has certain receivables due from the Southern University System. The receivables due from the Southern University System were as follows at December 31, 2010:

Reimbursable costs pertaining to bond projects due from the Baton Rouge Campus	\$ 162,698
Reimbursable costs pertaining to bond projects due from the Shreveport Campus	<u>210,182</u>
Total	<u>\$ 372,880</u>

NOTE 7 - ENDOWMENTS:

The Foundation's endowments consist mainly of individual funds established for a variety of purposes. **The Foundation's** endowments include both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including those designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - INVESTMENTS:

Investments as stated at market 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 at December 31, 2010:

	<u>Carrying Value</u>	<u>Fair Value</u>
Stocks and other publicly traded securities	\$ 1,277,552	\$ 1,718,354
U.S. Governmental Agencies / Term Bond/ Fixed Income funds	2,940,543	3,024,781
Certificates of deposit	580,445	580,445
Cash and cash equivalents / money market	<u>962,180</u>	<u>962,180</u>
Total	<u>\$ 5,760,720</u>	<u>\$ 6,285,940</u>

\$4,547,737 of investments 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. The remaining \$1,738,203 is classified as current assets. The total fair value of investments at December 31, 2010 was \$6,285,940. Management was unable to summarize the investment return and its classification in the Statement of Activities by the related categories for the year ended December 31, 2010.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - FIXED ASSETS:

Land, building and equipment as of December 31, 2010 are summarized as follows:

Land and improvements	\$ 555,193
Building	172,125
Office equipment	22,966
Scoreboard equipment	2,555,611
Furniture and fixtures	79,993
Software	32,137
Construction-in-progress	<u>745,061</u>
Sub-total	4,163,086
Less: accumulated depreciation	<u>(2,175,016)</u>
Total	<u>\$ 1,988,070</u>

Depreciation expense totaled \$271,135 for the year ended December 31, 2010.

Construction-in-Progress

Construction-in-progress consists of development costs, direct and indirect construction costs and capitalized interest. The costs are accounted for as construction-in-progress until such time as the project is complete and the assets are placed into service. The assets are then classified as property and equipment and depreciated accordingly. During the year ended December 31, 2006, **the Foundation** entered into an agreement with the Board of Supervisors of Southern University and Agricultural and Mechanical College (the Board) to construct new student housing facilities and certain auxiliary student facilities.

The Foundation borrowed money and is in the process of constructing the facilities as specified by the Board. Certain facilities have been completed and are being leased back to the Board. Other facilities are still in the process of being constructed. The revenues generated by these facilities will be used to pay for the financing of the project. Construction-in-progress related to the project totaled \$745,061 at December 31, 2010.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - FIXED ASSETS, CONTINUED

Construction-in-Progress, Continued

During the year ended December 31, 2010, projects totaling \$2,671,387 have been completed and are currently being leased back to the Board, as such \$2,671,387 has been transferred from construction-in-progress and included in the capitalized lease receivable due from the University as a result of the capitalized leasing arrangement.

NOTE 10 - CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject **the Foundation** to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeded federally insured limits by \$445,663 as of December 31, 2010.

NOTE 11 - DUE TO AFFILIATE:

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, 2010 for the Endowed chair and professorship program totaled \$4,547,737. The total amount due to affiliate was \$4,568,781 at December 31, 2010, which includes an additional \$21,044 due to the Shreveport campus.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - NOTES PAYABLE:

The following is a summary of notes payable at December 31, 2010:

Note payable to a bank, secured by the income generated from scoreboard advertisements, with an interest rate of 5.00%, and with a maturity date of May 15, 2012	\$ 469,918
Unsecured note payable to a contractor, with an interest rate of 7.186%, with a maturity date of April 20, 2013	<u>100,427</u>
Sub-total	570,345
Less: current portion	<u>(258,092)</u>
Total long term note payable	<u>\$ 312,253</u>

Scheduled principal payments due on the above notes payable subsequent to December 31, 2010 are as follows:

Year Ended December 31,

2011	\$ 258,092
2012	290,752
2013	<u>21,501</u>
Total	<u>\$ 570,345</u>

Interest expense related to the notes for the year ended December 31, 2010, totaled \$25,443.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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

Scheduled principal payments on the bonds are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>
2011	1,010,000
2012	1,050,000
2013	1,105,000
2014	1,160,000
2015	1,215,000
Subsequent to 2015	<u>52,555,000</u>
Total	<u>\$ 58,095,000</u>

Interest expense related to the bonds for the year ended December 31, 2010 totaled \$2,706,105. Total bonds payable net of bond premium totaled \$59,947,408.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - BOND PREMIUM:

The bond premium received upon the issuance of the bonds is being amortized over the life of the bonds using the straight line method. Total bond premium at issuance totaled \$2,117,037. Annual amortization will be charged against interest expense. The bond premium will be shown net of accumulated amortization.

Beginning balance	\$ <u>2,117,037</u>
Prior year accumulated amortization	(198,472)
Current year amortization	<u>(66,157)</u>
Total accumulated amortization	<u>(264,629)</u>
Ending balance	\$ <u>1,852,408</u>

NOTE 15 - FAIR VALUES OF FINANCIAL INSTRUMENTS:

In accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price that **the Foundation** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the Foundation's** assets or liabilities. The inputs are summarized in the three broad levels listed below:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 15 - FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED:

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. **The Foundation's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. All investments are considered to be level I investments.

The following table summarizes the valuation of **the Foundation's** financial instruments measured at fair value by the above ASC Topic 820 fair value hierarchy levels as of December 31, 2010 are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$ 12,987,384	\$ 12,987,384
Receivables	408,628	408,628
Unconditional promises to give	130,986	130,986
Investments	5,760,720	6,285,940
Capital lease receivable	54,457,535	54,457,535
Financial Liabilities:		
Bonds payable	58,095,000	58,095,000
Notes payable	570,345	570,345

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 16 - NET ASSETS RELEASED FROM DONOR RESTRICTIONS:

Net assets were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by the donors for the year ended December 31, 2010:

Scholarships and educational assistance	\$ 224,455
University events, programs, and support	<u>1,382,112</u>
Total	<u>\$ 1,606,567</u>

NOTE 17 - SCOREBOARD LEASE:

On May 15, 2003, **the Foundation** (Lessor) entered into an equipment lease agreement with the Board of Supervisors for Southern University and Agricultural and Mechanical College (the Lessee) to lease the football and basketball scoreboard, twin signs located on either side of the baseball scoreboard and a front entrance marquee with all ancillary equipment. This lease shall be and continued in full force and effect for a term beginning on the effective date of the agreement and ending upon termination of the premises lease, at which time the lessee shall be granted all rights, title and interest as owner in and to the equipment in accordance with the premises lease. The lease calls for rent of \$1.00 per year.

NOTE 18 - DEFERRED REVENUE/RENTAL DEPOSIT:

On October 26, 2006, **the Foundation** entered into a Cooperative Endeavor and Lease Agreement (the Agreement) with the Board of Supervisors of Southern University and Agricultural and Mechanical College (the Board) to lease to the Board certain student housing facilities and certain auxiliary student facilities. The agreement required the Board to make an initial payment to **the Foundation** in the amount of \$4,500,000 on December 13, 2006. The initial payment was deposited in **the Foundation's** bank account to be utilized to supplement the cost for a student intramural sports complex and north-end seating in Mumford Stadium.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 18 - DEFERRED REVENUE/RENTAL DEPOSIT, CONTINUED

After the initial payment, the Board shall make annual payments to **the Foundation** starting November 1, 2008 and terminating on November 1, 2037, unless the Louisiana Public Facilities Authority Series 2006 Bonds are paid in full or legally defeased prior to that date. The Board payment shall be the same as the payments due on the Louisiana Public Facilities Authority Series 2006 Bonds.

NOTE 19 - 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 is 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 20 - RENTAL DEPOSIT FUND:

The Bond Trust Indenture required that a Rental Deposit Fund be established on the date of issuance of the Louisiana Public Facilities Authority Series 2006 Bonds. The Rental Deposit Fund was required to be funded by the Southern Board of Supervisors. The Rental Deposit Fund was funded in an amount equal to 50% of the maximum principal and interest requirements coming due on the Series 2006 Bonds in any future fiscal year. If there is any insufficiency in the Revenue Account of the Bond fund to pay principal and interest on the Series 2006 Bonds in future fiscal years, then the monies on deposit in the Rental Deposit Fund shall be used in an amount sufficient to pay the principal and interest on the Series 2006 Bonds.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 20 - RENTAL DEPOSIT FUND, CONTINUED:

On the final maturity date of the Series 2006 Bonds, any monies on hand in the Rental Deposit Fund shall be used to pay any principal and interest remaining on the Series 2006 Bond on such final maturity date. At December 31, 2010, the balance of the Rental Deposit Fund total \$1,876,011.

NOTE - 21 RELATED PARTY TRANSACTIONS:

Southern University System

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, 2010 totaled \$3,714,491. The schedule of rent payment coincides with the debt service payments.

Two board members of **the Foundation** are officers of an affiliate 501(C)(3) non-profit organization that provides game radio broadcasting services of athletic events at Southern University Baton Rouge campus. The Affiliate organization also makes financial contributions to the Southern University Athletic Department throughout the year. The total amount paid by **the Foundation** to the affiliate organization during the year ended December 31, 2010 totaled \$46,690.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 22 - BOND ISSUANCE COSTS / PREPAID BOND INSURANCE:

Bond issuance costs incurred through the bond issuance totaled \$927,291 and prepaid bond insurance totaled \$1,054,250. These costs will be shown net of accumulated amortization.

	<u>Costs</u>	<u>Prior Year Accumulated Amortization</u>	<u>Current Year Amortization</u>	<u>Total Accumulated Amortization</u>	<u>Costs, net of Accumulated Amortization</u>
Bond issuance costs	\$ 927,291	\$ (86,933)	\$ (30,100)	\$ (117,033)	\$ 810,258
Prepaid bond insurance	\$ 1,054,250	\$ (96,637)	\$ (32,946)	\$ (129,583)	\$ 924,667

NOTE 23 - SUBSEQUENT EVENTS:

FASB 165, which is codified in ASC Topic 855-10, requires the disclosure of the date through which **the Foundation** has evaluated subsequent events and the reason for selecting that date. **The Foundation** evaluated subsequent events from January 1, 2011 to October 20, 2011, the date the financial statements were available to be issued.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF FINANCIAL POSITION
AS OF DECEMBER 31, 2010

	THE FOUNDATION	MILLENNIUM	Total	Elimination	Consolidated
Assets					
Cash and cash equivalents	\$ 913,507	\$ 12,073,877	\$ 12,987,384	\$ -	\$ 12,987,384
Investments	6,285,940	-	6,285,940	-	6,285,940
Bayou Classic receivable	16,949	-	16,949	-	16,949
Other receivable	18,799	-	18,799	-	18,799
Unconditional promises, net of allowance	130,986	-	130,986	-	130,986
Due from affiliate	159,904	212,976	372,880	-	372,880
Prepaid expenses	1,206	-	1,206	-	1,206
Plant, property, and equipment, net of accumulated depreciation	1,243,010	745,060	1,988,070	-	1,988,070
Capitalized lease receivable	-	54,457,535	54,457,535	-	54,457,535
Prepaid bond insurance	-	924,667	924,667	-	924,667
Cost of issuance	-	810,258	810,258	-	810,258
Total assets	\$ 8,770,301	\$ 69,224,373	\$ 77,994,674	\$ -	\$ 77,994,674
Liabilities					
Accounts payable	\$ 539,916	\$ 39,892	\$ 579,808	\$ -	\$ 579,808
Accrued interest payable	2,691	456,654	459,345	-	459,345
Deferred revenue	-	4,500,000	4,500,000	-	4,500,000
Due to affiliate	4,547,737	21,044	4,568,781	-	4,568,781
Notes payable	570,345	-	570,345	-	570,345
Rental deposit fund	-	1,876,011	1,876,011	-	1,876,011
Bonds payable	-	58,095,000	58,095,000	-	58,095,000
Bonds payable premium	-	1,852,408	1,852,408	-	1,852,408
Total liabilities	5,660,689	66,841,009	72,501,698	-	72,501,698
Net Assets					
Beginning net asset balance	3,479,956	3,335,476	6,815,432	-	6,815,432
Net asset restatements	-	(925,000)	(925,000)	-	(925,000)
Beginning net assets, restated	3,479,956	2,410,476	5,890,432	-	5,890,432
Change in net assets	(370,344)	(27,112)	(397,456)	-	(397,456)
Ending net asset balance	3,109,612	2,383,364	5,492,976	-	5,492,976
Total Liabilities and Net Assets	\$ 8,770,301	\$ 69,224,373	\$ 77,994,674	\$ -	\$ 77,994,674

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
CONSOLIDATED SUPPLEMENTAL SCHEDULE OF REVENUES AND SUPPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

	THE FOUNDATION	MILLENNIUM	Total	Elimination	Consolidated
Contributions and other support	\$ 1,626,223	-	\$ 1,626,223	-	\$ 1,626,223
Rental income	-	2,744,491	2,744,491	-	2,744,491
Scoreboard sponsorships	150,000	-	150,000	-	150,000
Athletic sponsorship and support	387,624	-	387,624	-	387,624
Interest income	67,260	1,224	68,484	-	68,484
Bayou Classic revenues	1,883,872	-	1,883,872	-	1,883,872
Realized/unrealized gains	57,746	181	57,927	-	57,927
Other income	46,276	-	46,276	-	46,276
Total revenue and support	\$ 4,219,001	\$ 2,745,896	\$ 6,964,897	-	\$ 6,964,897

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
CONSOLIDATING SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2010

THE FOUNDATION	Program Services	Support Services	Elimination	Total
Cultivation/Recognition	\$ 30,084	\$ 2,485	\$ -	\$ 32,569
Advertising and promotion	42,986	10,249	-	53,235
Depreciation	-	271,135	-	271,135
Maintenance	12,380	2,138	-	14,518
Materials and supplies	60,975	12,633	-	73,608
Miscellaneous	-	7,130	-	7,130
Equipment and resource materials	71,912	1,239	-	73,151
Bad debt expense	26,766	-	-	26,766
Postage and mailing	3,821	5,515	-	9,336
Professional fees and contracts	408,427	339,543	-	747,970
Printing and publication	14,409	2,511	-	16,920
Conferences and professional meetings	154,675	10,876	-	165,551
Professional and membership dues	58,672	4,620	-	63,292
Scholarship and educational assistance	218,994	5,461	-	224,455
University events and programs	2,615,323	12,216	-	2,627,539
Travel and transportation	89,186	6,110	-	95,296
Bank fees and loan costs	4,279	5,161	-	9,440
Insurance	341	4,246	-	4,587
Telecommunications	14,451	3,106	-	17,557
Public/community support	12,612	5,736	-	18,348
Faculty and staff development	900	450	-	1,350
Interest expenses	25,443	-	-	25,443
Computer, equipment lease, and other rentals	4,708	4,229	-	8,937
Property taxes	182	-	-	182
Other expenses/general fees	-	1,030	-	1,030
Sub-total Foundation	<u>3,871,526</u>	<u>717,819</u>	<u>-</u>	<u>4,589,345</u>
MILLENNIUM				
Bond interest expense	2,706,105	-	-	2,706,105
Amortization of bond issuance costs	30,100	-	-	30,100
Bond insurance expense	32,946	-	-	32,946
Telecommunications	3,857	-	-	3,857
Sub-total Millennium, LLC	<u>2,773,008</u>	<u>-</u>	<u>-</u>	<u>2,773,008</u>
Total Consolidated Expenses	<u>\$ 6,644,534</u>	<u>\$ 717,819</u>	<u>\$ -</u>	<u>\$ 7,362,353</u>

SUPPLEMENTARY INFORMATION

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
CONSOLIDATED STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2010

ASSETS

Current Assets

Cash and cash equivalents	\$ 813,972
Investments	1,738,203
Receivables	408,628
Pledges receivable, net	130,986
Prepaid expenses	34,151
Other current assets	<u>1,038,978</u>
Total current assets	<u>4,164,918</u>

Noncurrent Assets

Restricted assets:	
Cash and cash equivalents	12,173,412
Investments	4,547,737
Capital assets, net	1,988,070
Other non-current assets	<u>55,120,537</u>
Total noncurrent assets	<u>73,829,756</u>

Total assets

\$ 77,994,674

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	\$ 1,060,197
Deferred revenue	4,500,000
Amounts held in custody for others	4,547,737
Notes payable	258,092
Bonds payable and premium	<u>1,076,157</u>
Total current liabilities	<u>11,442,183</u>

Noncurrent Liabilities

Notes payable	312,253
Bonds payable and premium	58,871,251
Other noncurrent liabilities	<u>1,876,011</u>
Total noncurrent liabilities	<u>61,059,515</u>

Total liabilities

72,501,698

NET ASSETS

Unrestricted	1,172,159
Temporarily restricted	2,417,800
Permanently restricted	<u>1,903,017</u>

Total Net Assets

\$ 5,492,976

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
CONSOLIDATED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

OPERATING REVENUES	
Gifts received by the Foundation	\$ 2,163,847
Endowment income	53,590
Other operating revenues	<u>1,930,148</u>
Total operating revenues	<u>4,147,585</u>
 OPERATING EXPENSES	
Other operating expenses	<u>(1,440,168)</u>
Total operating expenses	<u>(1,440,168)</u>
Operating income (loss)	<u>2,707,417</u>
 NONOPERATING REVENUES AND (EXPENSES)	
Net investment income (loss)	2,817,312
Interest expense	(2,731,547)
Payments to or on behalf of the university	<u>(3,190,638)</u>
Net nonoperating revenues (expenses)	<u>(3,104,873)</u>
Income before other revenues, expenses, gains, and losses	<u>(397,456)</u>
Increase (decrease) in net assets	<u>(397,456)</u>
Net assets at beginning of year, restated	<u>5,890,432</u>
Net assets at end of year	<u>\$ 5,492,976</u>

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

ORGANIZATION

The Southern University System Foundation is a legally separate, tax-exempt organization supporting **the Southern University System**. This foundation was included in the university's financial statements because its assets equaled 3% or more of the assets of the university system it supports.

During the year ended December 31, 2010, the Southern University System Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amount of \$3,190,638.

Complete financial statements for the Southern University System Foundation can be obtained from:
P.O. Box 9562, Baton Rouge, LA 70813.

The Southern University System Foundation is a nonprofit organization that reports under FASB standards, including FASB ASC Topic 958, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to **the Foundation's** financial information in the university's financial report for these differences.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

CONSOLIDATED SCHEDULE OF CAPITAL ASSETS

	Balance 12/31/2009	Prior Period Adjustment	Restated Balance 12/31/2009	Additions	*Transfers	**Retirements	Balance 12/31/2010
Capital assets not being depreciated							
Land	\$ 555,193	-	\$ 555,193	\$ -	-	\$ -	\$ 555,193
Non-depreciable land improvements	-	-	-	-	-	-	-
Construction in progress	3,361,810	-	3,361,810	54,638	-	(2,671,387)	745,061
Total capital assets not being depreciated	\$ 3,917,003	\$ -	\$ 3,917,003	\$ 54,638	\$ -	\$ (2,671,387)	\$ 1,300,254
Total infrastructure	-	-	-	-	-	-	-
Depreciable land improvements	-	-	-	-	-	-	-
** Less accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	172,125	-	172,125	-	-	-	172,125
** Less accumulated depreciation	(46,341)	-	(46,341)	(4,414)	-	-	(50,755)
Total buildings	125,784	-	125,784	(4,414)	-	-	121,370
Software	25,328	-	25,328	6,809	-	-	32,137
** Less accumulated depreciation	(12,905)	-	(12,905)	(5,352)	-	-	(18,257)
Total software	12,423	-	12,423	1,457	-	-	13,880
Equipment	2,658,570	-	2,658,570	-	-	-	2,658,570
** Less accumulated depreciation	(1,844,635)	-	(1,844,635)	(261,369)	-	-	(2,106,004)
Total equipment	813,935	-	813,935	(261,369)	-	-	552,566
Total other capital assets	\$ 952,142	\$ -	\$ 952,142	\$ (264,326)	\$ -	\$ -	\$ 687,816
Capital Asset Summary:							
Capital assets not being depreciated	\$ 3,917,003	\$ -	\$ 3,917,003	\$ 54,638	\$ -	\$ (2,671,387)	\$ 1,300,254
Other capital assets, at cost	2,856,023	-	2,856,023	6,809	-	-	2,862,832
Total cost of capital assets	6,773,026	-	6,773,026	61,447	-	(2,671,387)	4,163,086
Less accumulated depreciation	(1,903,881)	-	(1,903,881)	(271,135)	-	-	(2,175,016)
Capital assets, net	\$ 4,869,145	\$ -	\$ 4,869,145	\$ (209,688)	\$ -	\$ (2,671,387)	\$ 1,988,070

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BONDS, NOTES PAYABLE, AND OTHER LIABILITIES

	Balance at December 31, 2009	Additions	Reductions	Balance at December 31, 2010	Amounts due within one year
Bonds & notes payable:					
Bonds payable	\$ 59,065,000	\$ -	970,000	\$ 58,095,000	\$ 1,010,000
Notes payable	819,194	-	248,849	570,345	258,092
Total bonds, notes and capital leases	59,884,194	-	1,218,849	58,665,345	1,268,092
Other liabilities:					
Amounts held in custody for others	4,147,152	400,662	77	4,547,737	4,547,737
Total other liabilities	4,147,152	400,662	77	4,547,737	4,547,737
Total long-term liabilities	\$ 64,031,346	\$ 400,662	\$ 1,218,926	\$ 63,213,082	\$ 5,815,829

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF NOTES PAYABLE:

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Principal Outstanding 12/31/09</u>	<u>Issued</u>	<u>(Redeemed)</u>	<u>Principal Outstanding 12/31/10</u>	<u>Interest Rates</u>	<u>Interest Outstanding 12/31/10</u>
Daktronics	4/20/03	\$ 315,520	\$ 135,967	\$ -	\$ (35,540)	\$ 100,427	7.00%	\$ 9,351
Hancock Bank	9/13/07	1,190,000	689,918	-	(220,000)	469,918	5.00%	28,768
Total		<u>\$ 1,505,520</u>	<u>\$ 825,885</u>	<u>\$ -</u>	<u>\$ (255,540)</u>	<u>\$ 570,345</u>		<u>\$ 38,119</u>

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BONDS PAYABLE:

Issue	Date of Issue	Original Issue	Principal Outstanding 12/31/09	(Redeemed) Issued	Principal Outstanding 12/31/10	Interest Rates	Interest Outstanding 12/31/10
Louisiana Public Facilities Authority	12/13/06	\$ 59,990,000	\$ 59,065,000	\$ (970,000)	\$ 58,095,000	4.62%	\$ 46,879,212
Unamortized premium - Series 2006	12/13/06	2,117,035	1,918,565	(66,157)	1,852,408		-
Total		\$ 62,107,035	\$ 60,983,565	\$ (1,036,157)	\$ 59,947,408		\$ 46,879,212

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BOND PAYABLE AMORTIZATION:

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,010,000	\$ 2,739,925	\$ 3,749,925
2012	1,050,000	2,699,525	3,749,525
2013	1,105,000	2,647,025	3,752,025
2014	1,160,000	2,591,775	3,751,775
2015	1,215,000	2,533,775	3,748,775
2016	1,275,000	2,473,025	3,748,025
2017	1,340,000	2,409,275	3,749,275
2018	1,410,000	2,338,925	3,748,925
2019	1,480,000	2,266,662	3,746,662
2020	1,555,000	2,192,662	3,747,662
2021	1,635,000	2,114,912	3,749,912
2022	1,715,000	2,033,162	3,748,162
2023	1,800,000	1,947,412	3,747,412
2024	1,890,000	1,857,412	3,747,412
2025	1,985,000	1,762,912	3,747,912
2026	2,085,000	1,663,662	3,748,662
2027	2,190,000	1,559,412	3,749,412
2028	2,300,000	1,449,912	3,749,912
2029	2,415,000	1,334,912	3,749,912
2030	2,535,000	1,214,162	3,749,162
2031	2,660,000	1,087,412	3,747,412
2032	2,790,000	961,062	3,751,062
2033	2,920,000	828,537	3,748,537
2034	3,045,000	704,437	3,749,437
2035	3,175,000	575,025	3,750,025
2036	3,310,000	440,087	3,750,087
2037	3,450,000	299,412	3,749,412
2038	3,595,000	152,796	3,747,796
TOTAL	\$ 58,095,000	\$ 46,879,212	\$ 104,974,212

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF NOTES PAYABLE AMORTIZATION

Fiscal Year Ending	Principal	Interest	Total
2011	\$ 258,092	\$ 23,123	\$ 281,215
2012	290,752	14,430	305,182
2013	<u>21,501</u>	<u>566</u>	<u>22,067</u>
TOTAL	<u>\$ 570,345</u>	<u>\$ 38,119</u>	<u>\$ 608,464</u>

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

SCHEDULE I – Financial Statement Finding

Audit Reference Number

2010 – 01 – Financial Management System

Conditions and Perspective

During my audit, it was noted that management failed to establish procedures to ensure that accounting records and general ledger accounts were reconciled and reviewed on a timely basis. The aforementioned condition resulted in adjustments to properly state account balances, the general ledger not being closed out monthly, and the end of year audit not being issued timely.

Cause

The Foundation failed to follow established accounting policies and procedures that require accounting records and general ledger accounts be reconciled and reviewed on a monthly basis.

Effect

The aforementioned conditions resulted in financial statements not being generated timely, which limits the effectiveness of management to make financial decisions regarding **the Foundation**, and also prevents **the Foundation** from having the audited financial statements issued on a timely basis.

Recommendation

I recommend that written policies and procedures be developed, which will require a system of checks and balances to be in place with regard to the review and approval process and the processing of transactions. I also recommend that the general ledger be closed out monthly with financial statements being generated within thirty days. Year end financials should be generated within forty-five days, which should facilitate the completion of the annual audit no later than six months after year end.

Action Item 4
**Intramural Sports
Complex**