

BLACK & GOLD FACILITIES, INC.
FINANCIAL AUDIT TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/23/11

Sean M. Bruno
Certified Public Accountants

BLACK & GOLD FACILITIES, INC.
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Sean M. Bruno
Certified Public Accountants

Member
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Certified Public Accountants
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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Black & Gold Facilities, Inc.
Grambling, Louisiana

I have audited the accompanying statement of financial position of **Black & Gold Facilities, Inc. (the Facilities)** as of June 30, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **the Facilities'** management. My responsibility is to express an opinion on these 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 a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **the Facilities** as of June 30, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

To the Board of Directors
Black & Gold Facilities, Inc.
Grambling, 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 20 through 27) is presented for the purpose of additional analysis and is not a required part of the financial statements of **the Facilities**. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS

September 3, 2010

BLACK & GOLD FACILITIES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2010

ASSETS

Current assets:	
Cash and cash equivalents (NOTE 2)	\$ 1,108,259
Investments - bond reserves (NOTE 6)	5,968,641
Prepaid Insurance	<u>150,645</u>
Total current assets	<u>7,227,545</u>
Non-current assets	
Investments - bond reserves (NOTE 6)	14,124,270
Fixed assets, net of accumulated depreciation of \$6,535,124 (NOTES 2 and 3)	80,500,831
Prepaid bond insurance costs, net of accumulated amortization of \$325,814 (NOTE 4)	3,051,967
Bond issuance costs, net of accumulated amortization of \$314,487 (NOTE 4)	<u>2,007,673</u>
Total non-current assets	<u>99,684,741</u>
Total assets	<u>\$ 106,912,286</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Taxable bonds payable (NOTE 8)	\$ 1,240,000
Interest payable	2,525,364
Due to affiliate	42,718
Due to managing agent and vendors	<u>55,548</u>
Total current liabilities	<u>3,863,540</u>
Long-term liabilities:	
Bonds payable:	
Taxable bonds payable (NOTES 8)	9,605,000
Tax-exempt bonds payable (NOTES 8)	<u>95,035,000</u>
Total bonds payable	<u>104,640,000</u>
Bond discount, net of accumulated amortization of \$20,472 (NOTE 9)	(203,044)
Bond premium, net of accumulated amortization of \$68,519 (NOTE 9)	<u>699,265</u>
Bond discount / premium, net	<u>496,221</u>
Total long-term liabilities	<u>105,136,221</u>
Total liabilities	<u>108,999,761</u>
Net assets, unrestricted (NOTE 2)	<u>(2,087,475)</u>
Total liabilities and net assets	<u>\$ 106,912,286</u>

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

BLACK & GOLD FACILITIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Revenues:	
Student housing income	\$ 9,854,547
Investment income	5,021
Rental income	<u>398,095</u>
 Total revenues	 <u>10,257,663</u>
Expenses	
Amortization of bond insurance expense	111,081
Amortization of bond issuance costs	77,171
Depreciation / amortization expense	3,096,600
Interest expense	5,199,514
Contract labor	417,394
Travel	17,591
Repairs and maintenance	770,668
University support	159,930
Administrative expense	57,391
Utilities expense	701,328
Management fees	590,401
Property insurance	205,600
Telephone and internet	637,844
Security services	110,591
Professional development	4,798
Trustee fees	32,500
Professional services	<u>47,200</u>
 Total expenses	 <u>12,237,602</u>
 Change in net assets	 (1,979,939)
Net assets	
Beginning of year	<u>(107,536)</u>
 End of year	 <u>(2,087,475)</u>

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

BLACK & GOLD FACILITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Operating activities:	
Change in net assets	\$ (1,979,939)
Adjustments to reconcile change in net assets to	
Net cash used in operating activities:	
Depreciation and amortization expense	3,284,852
Amortization of bond premium / discount	(9,335)
Increase in due to management agent and vendors	93,046
Decrease in prepaid insurance	24,825
Decrease in interest payable	(24,862)
Decrease in accrued liabilities	<u>(38,416)</u>
Net cash used in operating activities	<u>1,350,171</u>
Investing activities:	
Purchase of investments	(33,466,120)
Sale of investments	34,151,203
Fixed assets purchase	<u>(143,827)</u>
Net cash provided by investing activities	<u>541,256</u>
Financing activities:	
Repayment of bonds payable	<u>(930,000)</u>
Net cash used in financing activities	<u>(930,000)</u>
Net increase in cash and cash equivalents	<u>961,427</u>
Cash and cash equivalents	
Beginning of year	<u>146,832</u>
End of year	<u>\$ 1,108,259</u>
Interest paid in cash	<u>\$ 5,233,712</u>

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

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BACKGROUND

Black & Gold Facilities, Inc. (the Facilities) is a private nonprofit organization that was formed to promote, assist, and benefit the mission of Grambling State University through acquiring, constructing, developing, renovating, rehabilitating, repairing, managing, leasing, assessing, lessee, mortgaging, and/or converting residential, classroom, administrative, and other facilities on the campus of Grambling State University.

The Facilities participated in a bond issuance by borrowing money from the Louisiana Public Facility Authority (the Issuer) who issued \$65,000,000 in revenue bonds (Series 2006) and \$41,925,000 in revenue bonds (series 2007) which will be payable solely from the revenues of **the Facilities**. The revenue bonds are issued pursuant to a Trust Indenture dated October, 1, 2006, between the Issuer and the Bond Trustee. The proceeds of the primarily tax-exempt bonds are loaned to **the Facilities** pursuant to a Loan Agreement dated as of October 1, 2006 between the Issuer and **the Facilities** and will be used to construct a new residence hall, acquisition of Steeple's Glen Apartments, related parking facilities, and related sewer and water lines on the campus of Grambling State University. To secure **the Facilities** obligations to repay the moneys loaned, **the Facilities** executed a Mortgage, Assignment of Leases and Security Agreement. **The Facilities** granted to the Trustee, first mortgage lien on its leasehold interest in the property, equipment, furnishings and other intangible property included in the facilities and first priority security interest in the leases and subleases affecting the facilities, including, without limitation, the facilities lease agreement and all revenue rentals, and other sums due or becoming due under the leases. The underlying property on which the housing project is located is leased to **the Facilities** by a Ground and Building Lease Agreement. The facilities are leased to the Board of Supervisors for the University of Louisiana System (the "Board") under a facilities lease agreement. At such time as the financing for **the Facilities** is paid in full, the obligation is cancelled and the interest in the facility and the underlying property is conveyed to Grambling State University.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Standards

In June 2009, the FASB issued SFAS No. 168, the "FASB Accounting Standards Codification" and the Hierarchy of Generally Accepted Accounting Principles. This standard replaces SFAS No. 162., the Hierarchy of Generally Accepted Accounting Principles, and establishes only two levels of U.S. GAAP, authoritative and nonauthoritative. Upon the effective date of SFAS No. 168, the FASB Accounting Standards Codification (the FASB ASC) became the single source of authoritative, nongovernmental GAAP, except for rules and interpretive releases of the SEC, which are sources of authoritative GAAP for SEC registrants. All other nongrandfathered, non-SEC accounting literature not included in the Codification will become nonauthoritative.

Subsequent to the effective date of SFAS No. 168, the FASB will issue accounting standards updates that serve to update the FASB ASC. As the FASB ASC does not change or alter existing GAAP, it did change the way **the Facilities** refers to GAAP throughout this report to reflect the updated referencing convention.

Basis of Accounting

The financial statements and the supplemental schedules are prepared in accordance with accounting principles generally accepted in the United States, and are prepared on the accrual basis.

Investment Securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of changes in net assets.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Basis of Reporting

The Facilities has adopted SFAS No. 117, *Financial Statements for Not-For-Profit Organizations*, which is codified in FASB ASC Topic 958 and establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories (i.e. unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) according to externally (donor) imposed restrictions.

A description of the three (3) 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 mission of **the Facilities** are included in this category. **The Facilities** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **the Facilities**, and therefore, **the Facilities's** policy is to record these net assets as unrestricted.

Temporarily restricted net assets include realized gains and losses, investment income and gifts, appropriations and contributions for which donor-imposed restrictions 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.

At June 30, 2010, **the Facilities** did not have any temporarily or permanently restricted net assets.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates; however, in the opinion of management such differences will not be material to the financial statements.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, **the Facilities** considers all unrestricted cash on hand and unrestricted temporary investments purchased with an initial maturity of three months or less, except for Treasury bills, commercial paper, and other short-term financial instruments included in **the Facilities'** investment account which are primarily held for investments in long-term assets, to be cash and cash equivalents. The carrying amount of cash and cash equivalents approximates fair value due to the short maturity of these financial instruments.

Fixed Assets

Fixed assets are capitalized at cost and are being depreciated over the estimated useful life of the respective asset. Maintenance and repairs are charged to expense as incurred while additions and betterments are capitalized. The Facilities capitalizes all fixed assets that exceed \$1,000, per item. Depreciation in buildings is computed over the life of the bonds using the straight-line method.

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 among the program and supporting services benefitted.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Income Taxes

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

Fair Value

On July 1, 2008, the Facilities adopted certain provisions of Statement of Financial Accounting Standards SFAS No. 157, Fair Value Measurements which are codified in FASB ASC Topic 820. ASC Top 820 refines the definition of fair value, establishes specific requirements as well as guidelines for a consistent framework to measure fair value, and expands disclosure requirements about fair value measurements. Further, ASC Top 820 requires the Facilities to maximize the use of observable market inputs, minimize the use of unobservable market inputs and disclose in the form of an outlined hierarchy the details of such fair value measurements.

NOTE 3 - FIXED ASSETS

Fixed assets are comprised of the following at June 30, 2010:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 334,029	\$ -0-	\$ -0-	\$ 334,029
Building	79,260,197	116,991	-0-	79,377,188
Furniture and equipment	3,120,577	26,837	-0-	3,147,414
Leasehold improvements	4,177,324	-0-	-0-	4,177,324
Accumulated depreciation/ amortization	(3,438,524)	(3,096,600)	-0-	(6,535,124)
	<u>\$ 83,453,603</u>	<u>\$ (2,952,772)</u>	<u>\$ -0-</u>	<u>\$ 80,500,831</u>

Depreciation/amortization expense totaled \$3,093,308 for the year ended June 30, 2009.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - FIXED ASSETS, CONTINUED:

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 June 30, 2010, **the Facilities** completed the construction of a new residence hall. **The Facilities** constructed the facility as specified by the University and the facility will be leased back to the University. The revenues generated by this facility will be used to pay for the financing of the project. All projects were completed at June 30, 2010.

NOTE 4 - BOND ISSUANCE COSTS / PREPAID BOND INSURANCE COSTS

Cost incurred in connection with the issuance of the bonds and prepaid bond insurance are amortized using the straight-line method over the lives of the bonds. These costs are shown as follows:

	<u>Costs</u>	<u>P/Y Accumulated Amortization</u>	<u>C/Y Amortization</u>	<u>Total Accumulated Amortization</u>	<u>Costs, net of Accumulated Amortization</u>
Prepaid bond insurance	\$ 3,377,781	\$ (214,733)	\$ (111,081)	\$ (325,814)	\$ 3,051,967
Bond issuance costs	\$ 2,322,160	\$ (237,316)	\$ (77,171)	\$ (314,487)	\$ 2,007,675

NOTE 5 - CONCENTRATION OF CREDIT RISK

The Facilities maintains cash balances with creditworthy, high quality, financial institutions located in several states. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Management monitors the soundness of these financial institutions and feels **the Facilities'** risk is not significant. The balances in investments - bond reserves are invested according to bond documents, which work to mitigate the credit risk of those investments.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - CONCENTRATION OF CREDIT RISK, CONTINUED

The Facilities also has credit risk principally related to partially secured amounts for student accounts receivable. However, such risk is mitigated by the requirements of students to pay security deposits and the inability of student to obtain college transcripts if amounts are owed to the Facilities.

NOTE 6 - INVESTMENTS - BOND RESERVES

The funds held by the Bond Trustee consist of cash, money market investments, securities that are primarily issued by the U.S. Government and various other financial instruments. These short-term investments are primarily stated at cost, which approximates market.

Under the terms of the various Trust Indentures or similar documents, various funds such as Project, Capitalized Interest, Replacement, and Debt Service must be established and maintained for each of the projects. These or associated documents govern the types of investments and requirements for collateralization.

The bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum bond coverages.

Investments-bond reserve accounts consist of the following at June 30, 2010:

	<u>Reserve</u> <u>Requirements</u>	<u>Reserve</u> <u>Balances</u>
Debt Service	\$ 7,500,890	\$ 7,592,975
Maintenance	5,370,766	6,531,295
Other Accounts	-0-	5,968,641

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - INVESTMENTS - BOND RESERVES, CONTINUED:

The investment-bond reserves account balances total \$20,092,911 in short-term investments and cash equivalents, with \$5,968,641 being classified as current assets and \$14,124,270 being classified as non-current assets. Those investments that are being utilized to fund the maintenance and debt service reserve accounts are being classified as non-current assets as a result of their long-term restricted use.

NOTE 7 - GROUND LEASE

Pursuant to a ground lease agreement between **the Facilities** and the Board of Supervisors of the University of Louisiana System, **the Facilities** (the Lessee) will lease the land, on which the student housing is being constructed, from the Board of Supervisors of the University of Louisiana System (the Lessor).

NOTE 8 - BONDS PAYABLE

On October 1, 2006 and December 1, 2007, the Louisiana Public Facilities Authority issued \$65,000,000 and \$41,925,000, respectively, of Louisiana Public Facilities Authority Revenue Bonds (Series 2006 and 2007) to **the Facilities**. The proceeds of the bonds are being used for the financing, planning, design, construction, furnishing and equipping of residence facilities for use by Grambling State University, including all equipment, furnishings, fixtures and facilities incidental or necessary in connection therewith. The proceeds will also be utilized to purchase an apartment complex and to pay the costs associated with the issuance of the bonds and funding reserve accounts. The bond agreement provides for interest on the outstanding bonds at rates ranging from 3.79% to 5.80% per annum.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - BONDS PAYABLE, CONTINUED:

The balances of the bonds payable at June 30, 2010 totaled the following:

\$55,705,000 tax exempt term bonds payable dated October 1, 2006; due at various intervals through July 1, 2038; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 3.79% - 4.38%; secured by leasehold deed and assignment of rents.	\$ <u>55,705,000</u>
\$3,595,000 taxable term bonds payable dated October 1, 2006; due at various intervals through July 1, 2012; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 5.32% - 5.41%; secured by leasehold deed and assignment of rents.	<u>2,745,000</u>
\$5,700,000 taxable term bonds payable dated October 1, 2006; due at various intervals through April 1, 2038; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 5.15% - 5.80%; secured by leasehold deed and assignment of rents.	<u>5,505,000</u>
\$39,330,000 tax exempt term bonds payable dated December 1, 2007; due at various intervals through July 1, 2039; payable in annual installments of interest and annual installments of principal; average coupon rate of 4.00% - 5.00%; secured by leasehold deed and assignment of rents.	<u>39,330,000</u>
\$2,595,000 taxable term bonds payable dated December 1, 2007; due at various intervals through July 1, 2015; payable in annual installments of interest and annual installments of principal; average coupon rate of 5.72%; secured by leasehold deed and assignment of rents.	<u>2,595,000</u>
Total bonds payable	<u>105,880,000</u>
Less: current maturities	<u>1,240,000</u>
Total long-term bonds payable	<u>\$ 104,640,000</u>

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - BONDS PAYABLE, CONTINUED

The outstanding bonds, which are purchased at premiums and a discount, are required to be repaid as follows over the next five years and thereafter:

2011	\$ 1,240,000
2012	1,445,000
2013	1,590,000
2014	1,745,000
2015	1,750,000
2016-2040	<u>98,110,000</u>
Total	\$ <u>105,880,000</u>

Bonds funds totaling \$ 20,092,911 have been deposited with the bond trustee at June 30, 2010.

NOTE 9 - BONDS PREMIUM/DISCOUNT

The bond premium and discount received upon the issuance of the bonds are being amortized over the life of the bonds using the straight line method. Total bond premium and bond discount at issuance totaled \$767,784 and \$223,516, respectively. Annual amortization will be charged against "Interest Expense".

	<u>Bond Premium</u>	<u>Bond Discount</u>
Beginning balance	\$ <u>767,784</u>	\$ <u>(223,516)</u>
Prior year accumulated amortization	(51,778)	(13,066)
Current year amortization	<u>(16,741)</u>	<u>(7,406)</u>
Total accumulated amortization	<u>(68,519)</u>	<u>(20,472)</u>
Ending Balance	\$ <u>699,265</u>	\$ <u>(203,044)</u>

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Related Party Transaction / Due to Affiliate:

The Facilities entered into an affiliation agreement with Grambling State University (The University) to acquire, renovate, rehabilitate, repair, construct, develop, manage, lease as lessor or lessee, mortgage, and/or convey residential, classrooms, administrative and other facilities on the campus of Grambling State University. **The Facilities** operates and manages the housing facilities constructed with the bond proceeds and leases the rooms to the students of the University. The University collects all room and boards, on behalf of **the Facilities**, and remits all amounts collected to the Bond Trustee.

The Facilities also entered into an agreement with the University to lease and renovate the food court in the Student Union. Upon completion of the renovation, the Facilities leased the food court back to the University. The lease calls for the University to remit the rent(debt service payments) to the trustee as amounts are due. Total rental income paid to the Facilities by the University totaled \$398,095 for the year ended June 30, 2010.

The University also charges **the Facilities** for its portion of utilities, telephone, and internet charges on a monthly basis. The total amount charged to and paid by **the Facilities** to the University totaled \$1,345,172 for the year ended June 30, 2010. The University also provides administrative office space, utilities, University personnel, and the use of office furniture and equipment. The value of these services has not been recorded in the financial statements since the related amounts have not been determined.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - FAIR VALUE MEASUREMENTS OF
FINANCIAL ASSETS AND LIABILITIES

In accordance with FASB ASC Topic 820, fair value is defined as the price that **the Facilities** 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. FASB 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 establish classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the Facilities** 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.
- 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 Facilities'** 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.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - FAIR VALUE MEASUREMENTS OF FINANCIAL ASSETS AND LIABILITIES, CONTINUED:

The following tables summarize the valuation of **the Facilities'** investments measured at fair value by the above ASC Topic 820 fair value hierarchy levels as of June 30, 2010.

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Value</u>
Interest bearing deposits with financial institutes	<u>\$20,092,911</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$20,092,911</u>

The carrying value and the estimated fair values of **the Facilities** financial instruments at June 30, 2010 are as follows:

<u>Description</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 1,108,259	\$ 1,108,259
Investments	\$ 20,092,911	\$ 20,092,911
Bonds payable	\$ 105,880,000	\$ 105,880,000

NOTE 12 - FAIR VALUE OPTION

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities", which is codified in FASB ASC Topic 825, and was effective for fiscal years beginning on or before November 15, 2007. ASC Topic 825 provides **the Facilities** with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between organizations that choose different measurement attributes for similar types of assets and liabilities. Currently, **the Facilities** has not adopted the guidelines of ASC Topic 825 and continues to evaluate whether or not it will in future periods based on industry participant elections and financial reporting consistency with other educational institutions.

BLACK & GOLD FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - SUBSEQUENT EVENTS

FASB 165, which is codified in ASC Topic 855-10, requires the disclosure of the date through which **the Facilities** has evaluated subsequent events and the reason for selecting that date. **The Facilities** evaluated subsequent events from July 1, 2010 to September 3, 2010, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

BLACK & GOLD FACILITIES, INC.
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS

Current Assets	
Cash and cash equivalents	\$ 1,108,259
Investments	5,968,641
Prepaid insurance	<u>150,645</u>
Total current assets	<u>7,227,545</u>
 Noncurrent Assets	
Investments	14,124,270
Capital assets, net	80,500,831
Other noncurrent assets	<u>5,059,640</u>
Total noncurrent assets	<u>99,684,741</u>
Total assets	<u><u>106,912,286</u></u>

LIABILITIES

Current Liabilities	
Bonds payable, current	1,240,000
Other current liabilities	<u>-</u>
Total current liabilities	<u>1,240,000</u>
 Noncurrent Liabilities	
Bonds payable, net	<u>105,136,221</u>
Total noncurrent liabilities	<u>105,136,221</u>
Total liabilities	<u><u>106,376,221</u></u>

NET ASSETS

Unrestricted	<u>(2,087,475)</u>
Total Net Assets	<u><u>\$ (2,087,475)</u></u>

BLACK & GOLD FACILITIES, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES

Other operating revenues \$ 10,252,642

Total operating revenues 10,252,642

OPERATING EXPENSES

Depreciation and amortization 3,096,600

Other operating expenses 3,941,488

Total operating expenses 7,038,088

Operating income 3,214,554

NONOPERATING REVENUES AND (EXPENSES)

Net investment income 5,021

Interest expense (5,199,514)

Net nonoperating expenses (5,194,493)

Decrease in net assets (1,979,939)

Net assets at beginning of year (107,536)

Net assets at end of year \$ (2,087,475)

BLACK AND GOLD FACILITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Cash flows from operating activities:	
Other receipts	\$ 10,252,642
Other payments	<u>(3,673,780)</u>
Net cash provided by operating activities	<u>6,578,862</u>
Cash flows from Investing activities:	
Purchase of investments	(33,466,120)
Proceeds from sale of investments	34,151,203
Investment income received on investments	5,021
Fixed assets purchases	<u>(143,827)</u>
Net cash provided by investing activities	<u>546,277</u>
Cash flows from capital financing activities:	
Interest paid on capital debt	(5,233,712)
Principal paid on capital debt	<u>(930,000)</u>
Net cash used in capital financing activities	<u>(6,163,712)</u>
Net increase in cash and cash equivalents	<u>961,427</u>
Cash and cash equivalents	
Beginning of year	<u>146,832</u>
End of year	<u>\$ 1,108,259</u>
Reconciliation of changes in net assets to net cash used in operating activities	
Change in net assets, adjusted	\$ 3,248,752
Depreciation and amortization	3,284,852
Amortization of bond premium/discount	(9,335)
Decrease in interest payable	(24,862)
Decrease in prepaid insurance	(24,825)
Decrease in accrued liabilities	(38,416)
Increase in due to managing agent and vendors	<u>93,046</u>
Net cash provided by operating activities	<u>\$ 6,578,862</u>

OTHER SUPPLEMENTARY INFORMATION

BLACK & GOLD FACILITIES, INC.
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

ORGANIZATION

The Grambling Black and Gold Facilities Inc. is a legally separate, tax-exempt organization supporting the University of Louisiana System, specifically Grambling State University. This foundation was included in the University's financial statements because its assets equaled 3% or more of the assets of Grambling State University.

During the year ended June 30, 2010, Grambling Black and Gold Facilities, Inc. made no distributions to or on behalf of Grambling State University.

Complete financial statements for Grambling Black and Gold Facilities, Inc. can be obtained from the President's Office at 403 Main Street, Grambling, LA 71245.

The Grambling Black and Gold Facilities Inc. is a nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*, which is codified in FASB ASC Topic 958. 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.

BLACK & GOLD FACILITIES, INC.
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL ASSETS

	Balance 6/30/2009	Prior Period Adjustment	Restated Balance 6/30/2009	Additions	* Transfers	** Retirements	Balance 6/30/2010
Capital assets not being depreciated							
Land	\$ 334,029	-	\$ 334,029	\$ -	\$ -	\$ -	\$ 334,029
Non-depreciable land improvements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not being depreciated	\$ 334,029	-	\$ 334,029	\$ -	\$ -	\$ -	\$ 334,029
Depreciable land improvements	4,177,324	-	4,177,324	-	-	-	4,177,324
** Less accumulated depreciation	(208,866)	-	(208,866)	(139,244)	-	-	(348,110)
Total land improvements	3,968,458	-	3,968,458	(139,244)	-	-	3,829,214
Buildings	79,260,197	-	79,260,197	116,991	-	-	79,377,188
** Less accumulated depreciation	(2,816,286)	-	(2,816,286)	(2,643,956)	-	-	(5,460,242)
Total buildings	76,443,911	-	76,443,911	(2,526,965)	-	-	73,916,946
Equipment	3,120,577	-	3,120,577	26,837	-	-	3,147,414
** Less accumulated depreciation	(413,372)	-	(413,372)	(313,400)	-	-	(726,772)
Total equipment	2,707,205	-	2,707,205	(286,563)	-	-	2,420,642
Total other capital assets	\$ 83,119,574	-	\$ 83,119,574	\$ (2,952,772)	\$ -	\$ -	\$ 80,166,802
Capital Asset Summary:							
Capital assets not being depreciated	\$ 334,029	-	\$ 334,029	\$ -	\$ -	\$ -	\$ 334,029
Other capital assets, at cost	86,558,098	-	86,558,098	143,828	-	-	86,701,926
Total cost of capital assets	86,892,127	-	86,892,127	143,828	-	-	87,035,955
Less accumulated depreciation	(3,438,524)	-	(3,438,524)	(3,096,600)	-	-	(6,535,124)
Capital assets, net	\$ 83,453,603	-	\$ 83,453,603	\$ (2,952,772)	\$ -	\$ -	\$ 80,500,831

BLACK & GOLD FACILITIES, INC.
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BONDS, NOTES PAYABLE, AND OTHER LIABILITIES

	Balance		Additions	Reductions	Balance at		Amounts due within one year
	July 1, 2009	July 1, 2009			June 30, 2010	June 30, 2010	
Bonds & notes payable:							
Bonds payable	\$ 106,810,000	\$ -	\$ 930,000	\$ 105,880,000	\$ 105,880,000	\$ 1,240,000	
Notes payable	-	-	-	-	-	-	
Total bonds and notes payable	106,810,000	-	930,000	105,880,000	105,880,000	1,240,000	
Other liabilities:							
Amounts held in custody for others	-	-	-	-	-	-	
Total other liabilities	-	-	-	-	-	-	
Total long-term liabilities	\$ 106,810,000	\$ -	\$ 930,000	\$ 105,880,000	\$ 105,880,000	\$ 1,240,000	

BLACK & GOLD FACILITIES, INC.
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BONDS PAYABLE:

Issue	Date of Issue	Original Issue	Principal Outstanding 7/1/09	(Redeemed) Issued	Principal Outstanding 6/30/10	Interest Rates	Total Interest Outstanding 6/30/10
Louisiana Public Facilities Authority Revenue Bonds-							
Tax Exempt- Grambling Black and Gold Facilities, Inc. Project- 2006A	6/23/07	\$ 55,705,000	\$ 55,705,000	\$ -	\$ 55,705,000	3.79% - 4.38%	\$ 51,165,150
Taxable- Grambling Black and Gold Facilities, Inc. Project- 2006B	6/25/07	3,595,000	3,595,000	(850,000)	2,745,000	5.32% - 5.41%	394,016
Taxable- Grambling Black and Gold Facilities, Inc. Project- 2006C	6/25/07	5,706,000	5,585,000	(80,000)	5,505,000	5.15% - 5.80%	6,067,720
Tax Exempt- Grambling Black and Gold Facilities, Inc. Project- 2007A	7/25/07	39,330,000	39,330,000	-	39,330,000	4.00% - 5.00%	41,333,363
Taxable- Grambling Black and Gold Facilities, Inc. Project- 2007B	7/25/07	2,595,000	2,595,000	-	2,595,000	5.720%	629,343
Total		\$ 106,925,000	\$ 106,810,000	\$ (930,000)	\$ 105,880,000		\$ 99,589,592

BLACK & GOLD FACILITIES, INC.
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BOND AMORTIZATION:

Fiscal Year			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,240,000	\$ 5,177,549	\$ 6,417,549
2012	1,445,000	5,104,394	6,549,394
2013	1,590,000	5,022,607	6,612,607
2014	1,750,000	4,939,862	6,689,862
2015	1,900,000	4,849,653	6,749,653
2016	2,155,000	4,747,203	6,902,203
2017	2,255,000	4,641,851	6,896,851
2018	2,380,000	4,532,991	6,912,991
2019	2,485,000	4,414,080	6,899,080
2020	2,615,000	4,285,915	6,900,915
2021	2,745,000	4,151,055	6,896,055
2022	2,895,000	4,009,410	6,904,410
2023	3,035,000	3,860,155	6,895,155
2024	3,185,000	3,703,740	6,888,740
2025	3,350,000	3,539,380	6,889,380
2026	3,515,000	3,366,700	6,881,700
2027	3,690,000	3,185,450	6,875,450
2028	3,875,000	2,995,130	6,870,130
2029	4,070,000	2,795,160	6,865,160
2030	4,280,000	2,584,945	6,864,945
2031	4,490,000	2,363,985	6,853,985
2032	4,720,000	2,138,658	6,858,658
2033	4,950,000	1,908,723	6,858,723
2034	5,180,000	1,667,603	6,847,603
2035	5,425,000	1,415,112	6,840,112
2036	5,685,000	1,150,665	6,835,665
2037	5,960,000	873,382	6,833,382
2038	6,200,000	582,790	6,782,790
2039	6,135,000	278,412	6,413,412
2040	<u>2,680,000</u>	<u>67,000</u>	<u>2,747,000</u>
TOTAL	<u>\$ 105,880,000</u>	<u>\$ 94,353,560</u>	<u>\$ 200,233,560</u>