

SUSLA 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 2/22/11

Sean M. Bruno
Certified Public Accountants

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Sean M. Bruno
Certified Public Accountants

Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
SUSLA Facilities, Inc.
Shreveport, Louisiana

I have audited the accompanying statement of financial position of **SUSLA 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.

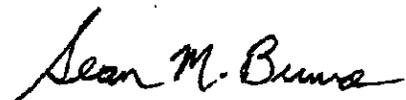
I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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
SUSLA Facilities, Inc.
Shreveport, 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 17 through 24) 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 22, 2010

Sean M. Bruno
Certified Public Accountants

SUSLA FACILITIES, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2010

ASSETS

Current assets:	
Cash and cash equivalents	\$ 64,243
Investments - bond reserves, current portion (NOTE 6)	789,965
Accounts receivable	11,307
Prepaid insurance	<u>22,732</u>
Total current assets	<u>888,247</u>
Non-current assets:	
Investments - bond reserves, non-current portion (NOTE 6)	971,361
Fixed assets, net of accumulated depreciation of \$845,598 (NOTES 2 and 3)	10,276,119
Bond issuance costs, net of accumulated amortization of \$19,210 (NOTE 4)	<u>211,318</u>
Total non-current assets	<u>11,458,798</u>
Total assets	<u>\$ 12,347,045</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Prepaid rent	\$ 63,883
Security deposits	19,151
Interest payable	377,081
Other payables	1,837
Due to affiliates (NOTE 11)	<u>78,179</u>
Total current liabilities	<u>540,131</u>
Long-term liabilities:	
Bonds payable and premium/discount, net of accumulated amortization of \$5,210 (NOTES 8 and 9)	<u>12,940,595</u>
Total long-term liabilities	<u>12,940,595</u>
Total liabilities	<u>13,480,726</u>
Net assets, unrestricted (NOTE 2)	<u>(1,133,681)</u>
Total liabilities and net assets	<u>\$ 12,347,045</u>

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

SUSLA FACILITIES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

<u>Revenues</u>	
Rental income, net of vacancy and employee apartment allowance of \$289,704	\$ 1,150,296
Investment income	46,322
Other income	<u>194,717</u>
 Total revenues	 <u>1,391,335</u>
<u>Program Expenses</u>	
Amortization expense	7,684
Depreciation expense	401,476
Bond interest expense	756,247
Contract services	107,164
Management fees	104,042
Travel	4,419
Trustee and bank fees	10,000
Legal and accounting	11,650
Insurance	27,714
Advertising and promotion	3,508
Postage and brochures	1,345
Office expense	18,642
Professional development	2,754
Utilities	102,495
Repairs and maintenance	62,594
Internet/cable	<u>7,376</u>
 Total expenses	 <u>1,629,110</u>
 Change in net assets	 (237,775)
 Net assets	
Beginning of the year	<u>(895,906)</u>
 End of the year	 <u>\$ (1,133,681)</u>

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

SUSLA FACILITIES, INC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Operating activities</u>	
Change in net assets	\$ (237,775)
Depreciation	401,476
Amortization of bond issuance costs	7,684
Amortization of bond premium/discount	2,084
Decrease in prepaid insurance	436
Increase in accounts receivable	(1,148)
Increase in security deposits	13,037
Increase in prepaid rent	16,816
Increase in due to affiliates	<u>(58,021)</u>
Net cash provided by operating activities	<u>144,589</u>
<u>Investing activities</u>	
Purchase of investments	(3,055,440)
Sale of investments	2,752,222
Decrease in building, furniture and fixtures	<u>193,151</u>
Net cash used in investing activities	<u>(110,067)</u>
Net increase in cash and cash equivalents	<u>34,522</u>
Cash and cash equivalents	
Beginning of year	<u>29,721</u>
End of year	<u>\$ 64,243</u>
Interest paid in cash	<u>\$ 754,162</u>

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

SUSLA FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - BACKGROUND

SUSLA Facilities, Inc. (the Facilities) is a private nonprofit organization and is formed to promote, assist, and benefit the mission of Southern University at Shreveport through acquiring, constructing, developing, renovating, rehabilitating, repairing, managing, leasing as lessor, lessee, mortgaging, and/or converting residential, classroom, administrative, and other facilities on the campus of Southern University at Shreveport.

The Facilities participated in a bond issuance by borrowing money from the Louisiana Public Facility Authority (the Issuer) who issued \$13,000,000 in revenue bonds (Series 2007) which will be payable solely from the revenues of **the Facilities**. The revenue bonds were issued pursuant to a Trust Indenture dated March 1, 2007, between the Issuer and the Bond Trustee. The proceeds of the primarily tax-exempt bonds were loaned to **the Facilities** pursuant to a Loan Agreement dated as of March 1, 2007 between the Issuer and **the Facilities** and will be used to construct a new residence hall, related parking facilities, and related sewer and water lines on the campus of Southern University at Shreveport. To secure **the Facilities'** obligations to repay the monies 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.

SUSLA 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 accompanying financial statements and supplemental schedules are prepared using the accrual basis of accounting. Revenues are recognized when earned; expenses and costs are recognized when incurred.

Fair values of financial instruments

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 disclosure in the form of an outlined hierarchy the details of such fair value measurements.

SUSLA FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Unrestricted net assets

None of the Facilities' net assets are subjected to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets in accordance with Statement of Financial Accounting Standards No. 117, *Financial Statements for Not-For-Profit Organizations*, which is codified in FASB ASC Topic 958.

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 lives of the respective assets. Maintenance and repairs are charged to expense as incurred while additions and betterments are capitalized. Depreciation is computed over the life of the assets using the straight-line method.

SUSLA 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.

NOTE 3 - FIXED ASSETS

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

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Fixed assets			
Building	\$10,487,914	\$(714,201)	\$ 9,773,713
Furniture and fixtures	<u>633,803</u>	<u>(131,397)</u>	<u>502,406</u>
Total fixed assets	<u>\$11,121,716</u>	<u>\$(845,598)</u>	<u>\$10,276,119</u>

Depreciation expense totaled \$401,476 for the year ended June 30, 2010.

NOTE 4 - BOND ISSUANCE COSTS

Cost incurred in connection with the issuance of the bonds are amortized using the straight-line method over the lives of the bonds. Bond issuance costs incurred through the bond issuance totaled \$230,528. Bond issuance costs net of accumulated amortization is as follows as of June 30, 2010:

<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>
\$ 230,528	\$ (11,526)	\$ (7,684)	\$ (19,210)	\$ 211,318

SUSLA FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

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. Periodically, **the Facilities** maintains deposits in excess of federally insured limits. 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. **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**. **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, and 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.

SUSLA FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - INVESTMENTS - BOND RESERVES, Continued

Investment income, to the extent it exceeds capitalized interest for the respective project, is reported as a change in net assets.

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

	<u>Reserve Balances</u>
Debt Service	\$ 971,361
Principal fund	50,001
Residence Hall Start-up	108,798
Management fee	10,000
Operations and maintenance fund	113,647
Interest fund	377,088
Maintenance reserve	<u>130,431</u>
 TOTAL	 <u>\$ 1,761,326</u>

The investments - bond reserve accounts balances total \$1,761,326 in short-term investments, with \$789,965 being classified as current assets and \$971,361 being classified as non-current assets. Those investments that are being utilized to fund the debt service reserve accounts are being classified as non-current assets as a result of their long-term restricted use.

NOTE 7 - GROUND LEASE

The underlying property on which the housing project is located is leased to **the Facilities** by a Ground and Facilities Lease Agreement dated March 1, 2007 between **the Facilities** and the Board of Supervisors of Southern University and Agricultural and Mechanical College. The agreement calls for annual rents of \$1.00 as well as the constructing of the residence hall as outlined in the agreement by **the Facilities**. **The Facilities** shall be responsible for all costs of the construction, as well as the annual repair and maintenance for the term of the lease. The lease shall terminate when the bonds and all associated debts are repaid, or as a result of actions by the board as outlined in the lease agreement.

SUSLA FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - BONDS PAYABLE

On July 25, 2007 the Louisiana Public Facilities Authority issued \$13,000,000 of Louisiana Public Facilities Authority Revenue Bonds (Series 2007A and 2007B) 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 Southern University at Shreveport, 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. The bond agreement provides for interest on the outstanding bonds at rates ranging from 5.75% to 9.00% per annum. The balances of the bonds payable at June 30, 2010 totals the following:

\$12,795,000 tax exempt term bonds payable dated July 25, 2007; due at various intervals through July 1, 2039; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 5.75%; secured by leasehold deed and assignment of rents.	\$ <u>12,795,000</u>
\$205,000 taxable term bonds payable dated July 25, 2007; due at various intervals through July 1, 2013; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 9.00%; secured by leasehold deed and assignment of rents.	<u>205,000</u>
Total bonds payable	13,000,000
Less: current maturities	<u>-0-</u>
Total long-term bonds payable	\$ <u>13,000,000</u>

SUSLA FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - BONDS PAYABLE, Continued

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

2011	\$	50,000
2012		55,000
2013		80,000
2014		110,000
2015-2040		<u>12,705,000</u>
Total	\$	<u>13,000,000</u>

Bonds funds totaling \$1,761,326 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 is being amortized over the life of the bonds using the straight-line method. Total bond premium and discount at issuance totaled \$95,322 and \$159,938, respectively. Annual amortization will be charged against "Interest Expense". The total amount of bond premium and discount and related amortization is as follows at June 30, 2010:

<u>Bond Premium / Discount</u>	<u>P/Y Accumulated Amortization</u>	<u>C/Y Accumulated Amortization</u>	<u>Total Accumulated Amortization</u>	<u>Bond Premium, net Accumulated Amortization</u>
\$ (95,322)	\$ 4,612	\$ 3,075	\$ 7,687	\$ (87,635)
\$ 159,937	\$ (7,738)	\$ (5,159)	\$ (12,897)	\$ 147,040

SUSLA FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES:

In accordance with FASB ASC Topic 820, fair value is defined as the price **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 principle market the most advantageous market for the asset or liability. ASC Topic 820 establishes 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 determine 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.

SUSLA FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - FAIR VALUE MEASUREMENT OF ASSETS AND LIABILITIES,
CONTINUED:

The following table summarizes 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 institutions	\$ <u>1,761,326</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,761,326</u>
Total	\$ <u>1,761,326</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>1,761,326</u>

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

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 64,243	\$ 64,243
Investments	\$ 1,761,326	\$ 1,761,326
Bonds payable	\$ (13,000,000)	\$ (13,000,000)

SUSLA FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED

NOTE 11 - DUE TO AFFILIATE / RELATED PARTY TRANSACTION

The Facilities entered into an affiliation agreement with the Southern University at Shreveport Campus (SUSLA) to construct, develop, and manage residential housing on the campus of SUSLA. **The Facilities** operates and manages the housing facilities constructed with the bond proceeds and leases the rooms to the students of SUSLA. SUSLA collects room and boards, on behalf of **the Facilities**, and remits all amounts collected to the Bond Trustee. SUSLA has also agreed to pay the phone charges and the water charges on behalf of **the Facilities**. The value of these services has not been recorded in the financial statements. SUSLA charges **the Facilities** for its portion of utilities and internet charges of the residential housing. The total amount due to SUSLA from **the Facilities** totaled \$78,179 as of June 30, 2010.

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.

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 22, 2010, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SUSLA FACILITIES INC.
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS

Current Assets

Cash and cash equivalents	\$ 64,243
Accounts receivable	11,307
Investments, current portion	789,965
Deferred charges and prepaid expenses	<u>22,732</u>

Total current assets	<u>888,247</u>
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Non-current Assets

Restricted assets:	
Investments	971,361
Capital assets, net	10,276,119
Other non-current assets	<u>211,318</u>

Total non-current assets	<u>11,458,798</u>
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Total assets	<u><u>\$ 12,347,045</u></u>
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LIABILITIES

Current Liabilities

Interest Payable	\$ 377,081
Other current liabilities	<u>163,050</u>

Total current liabilities	<u>540,131</u>
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Noncurrent Liabilities

Bonds payable, net	<u>12,940,595</u>
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Total noncurrent liabilities	<u>12,940,595</u>
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Total liabilities	<u>13,480,726</u>
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NET ASSETS

Unrestricted	<u>(1,133,681)</u>
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Total Net Assets	<u><u>\$ (1,133,681)</u></u>
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SUSLA FACILITIES, INC.
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

OPERATING REVENUES	
Other operating revenues	\$ 1,345,013
Total operating revenues	<u>1,345,013</u>
OPERATING EXPENSES	
Depreciation	401,476
Other operating expenses	<u>471,387</u>
Total operating expenses	<u>872,863</u>
Operating income	<u>472,150</u>
NONOPERATING REVENUES AND (EXPENSES)	
Net investment income	46,322
Interest expense	(756,247)
Payments to or on behalf of the university	<u>-</u>
Net nonoperating revenues (expenses)	<u>(709,925)</u>
Decrease in net assets	(237,775)
Net assets at beginning of year	<u>(895,906)</u>
Net assets at end of year	<u>\$ (1,133,681)</u>

SUSLA FACILITIES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010

Cash flows from operating activities:	
Other receipts	\$ 1,373,717
Other payments	<u>(521,288)</u>
Net cash provided by operating activities	<u>852,429</u>
Cash flows from Investing activities:	
Purchase of investments	(3,055,440)
Proceeds from sale of investments	2,752,222
Investment income received on investments	<u>46,322</u>
Net cash provided by investing activities	<u>(256,896)</u>
Cash flows from capital financing activities:	
Interest paid on capital debt	(754,162)
Change in capital assets	<u>193,151</u>
Net cash used in capital financing activities	<u>(561,011)</u>
Net increase in cash and cash equivalents	<u>34,522</u>
Cash and cash equivalents	
Beginning of year	<u>29,721</u>
End of year	\$ <u><u>64,243</u></u>
Reconciliation of changes in net assets, adjusted to net cash used in operating activities:	
Change in net assets, adjusted	\$ 470,065
Depreciation and amortization	409,160
Amortization of bond premium/discount	2,084
Decrease in prepaid insurance	436
Increase in accounts receivable	(1,148)
Increase in security deposits	13,037
Increase in prepaid rent	16,816
Due to affiliate	<u>(58,021)</u>
Net cash provided by operating activities	\$ <u><u>852,429</u></u>

OTHER SUPPLEMENTARY INFORMATION

SUSLA FACILITIES, INC.
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

ORGANIZATION

The SUSLA, Facilities Inc. is a legally separate, tax-exempt organization supporting the Southern University System, specifically the Shreveport campus. 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 June 30, 2010, SUSLA Facilities, Inc. made no distributions to or on behalf of the Southern University System.

Complete financial statements for SUSLA Facilities, Inc. can be obtained from the President's Office at 3050 Martin Luther King Drive, Shreveport, LA 71107.

The SUSLA 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.

SUSLA 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-depreciable land improvements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Livestock	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciable land improvements							
** Less accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings							
** Less accumulated depreciation	10,685,142	-	10,685,142	-	-	(197,228)	10,487,914
Total buildings	(375,901)	-	(375,901)	(338,300)	-	-	(714,201)
	10,309,241	-	10,309,241	(338,300)	-	(197,228)	9,773,713
Equipment							
** Less accumulated depreciation	629,726	-	629,726	4,077	-	-	633,803
Total equipment	(68,221)	-	(68,221)	(63,176)	-	-	(131,397)
	561,505	-	561,505	(59,099)	-	-	502,406
Total other capital assets	\$ 10,870,746	\$ -	\$ 10,870,746	\$ (397,399)	\$ -	\$ (197,228)	\$ 10,276,119
Capital Asset Summary:							
Capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets, at cost	11,314,868	-	11,314,868	4,077	-	(197,228)	11,121,717
Total cost of capital assets	11,314,868	-	11,314,868	4,077	-	(197,228)	11,121,717
Less accumulated depreciation	(444,122)	-	(444,122)	(401,476)	-	-	(845,598)
Capital assets, net	\$ 10,870,746	\$ -	\$ 10,870,746	\$ (397,399)	\$ -	\$ (197,228)	\$ 10,276,119

SUSLA FACILITIES, INC.
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BONDS, NOTES PAYABLE, AND OTHER LIABILITIES

	Balance July 1, 2009	Additions	Reductions	Balance at June 30, 2010	Amounts due within one year
Bonds & notes payable:					
Bonds payable	\$ 13,000,000	\$ -	\$ -	\$ 13,000,000	\$ 50,000
Notes payable	-	-	-	-	-
Total bonds, notes and capital leases	<u>13,000,000</u>	<u>-</u>	<u>-</u>	<u>13,000,000</u>	<u>50,000</u>
Other liabilities:					
Amounts held in custody for others	6,113	13,038	-	19,151	19,151
Total other liabilities	<u>6,113</u>	<u>13,038</u>	<u>-</u>	<u>19,151</u>	<u>19,151</u>
Total long-term liabilities	<u>\$ 13,006,113</u>	<u>\$ 13,038</u>	<u>\$ -</u>	<u>\$ 13,019,151</u>	<u>\$ 69,151</u>

SUSLA 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	Interest Outstanding 6/30/10
Louisiana Public Facilities Authority Revenue Bonds- Tax Exempt- SUSLA Facilities, Inc. Project- 2007A	7/25/07	\$ 12,795,000	\$ 12,795,000	\$ -	\$ 12,795,000	5.750%	\$ 367,856
Taxable- SUSLA Facilities, Inc. Project- 2007B	7/25/07	205,000	205,000	-	205,000	9.000%	9,225
Unamortized premium	7/25/07	159,937	152,199	(5,159)	(147,040)		
Unamortized discount	7/25/07	(95,322)	(90,710)	(3,075)	87,635		
Total		\$ 13,064,615	\$ 13,061,489	\$ (8,234)	\$ 12,940,595		\$ 377,081

SUSLA FACILITIES, INC.
NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

SCHEDULE OF BOND AMORTIZATION:

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 50,000	\$ 751,913	\$ 801,913
2012	55,000	747,188	802,188
2013	80,000	741,113	821,113
2014	110,000	734,025	844,025
2015	145,000	726,368	871,368
2016	180,000	717,025	897,025
2017	215,000	705,668	920,668
2018	245,000	692,444	937,444
2019	260,000	677,925	937,925
2020	275,000	662,544	937,544
2021	290,000	646,300	936,300
2022	310,000	629,050	939,050
2023	325,000	610,794	935,794
2024	345,000	591,531	936,531
2025	365,000	571,119	936,119
2026	385,000	549,556	934,556
2027	410,000	526,700	936,700
2028	430,000	502,550	932,550
2029	455,000	477,106	932,106
2030	480,000	450,225	930,225
2031	510,000	421,763	931,763
2032	540,000	391,575	931,575
2033	570,000	359,663	929,663
2034	605,000	325,881	930,881
2035	635,000	290,231	925,231
2036	675,000	252,568	927,568
2037	715,000	212,604	927,604
2038	755,000	170,344	925,344
2039	795,000	125,781	920,781
2040	<u>1,790,000</u>	<u>51,463</u>	<u>1,841,463</u>
TOTAL	<u>\$ 13,000,000</u>	<u>\$ 15,313,017</u>	<u>\$ 28,313,017</u>