

5552

RECEIVED  
LEGISLATIVE AUDITOR  
2010 DEC -6 AM 10:36

# LSU at Alexandria Foundation, Inc.

Alexandria, Louisiana

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 12/8/10

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2010**

**Table of Contents**

	<b><u>Exhibit</u></b>	<b><u>Page</u></b>
Independent Auditor's Report.....		1
Financial Statements		
Consolidated Statements of Financial Position.....	A	2
Consolidated Statements of Activities.....	B	3
Consolidated Statements of Cash Flows.....	C	4
Notes to Financial Statements.....		5-13
Additional Information.....		14
	<b><u>Schedule</u></b>	
LSU at Alexandria Foundation, Inc.		
Statements of Financial Position.....	1	15
Statements of Activities.....	2	16
Alexandria Museum Association, LLC		
Statements of Financial Position.....	3	17
Statements of Activities.....	4	18
Schedules of Administration Expenses.....	5	19
The Oaks of Alexandria, LLC		
Statements of Financial Position.....	6	20
Statements of Activities.....	7	21



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1945

Independent Auditor's Report

The Board of Directors
LSU at Alexandria Foundation, Inc.

We have audited the accompanying consolidated statement of financial position of LSU at Alexandria Foundation, Inc., (a nonprofit organization) and subsidiaries as of June 30, 2010, and the related consolidated statements of activities and cash flows for the year then ended.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the LSU at Alexandria Foundation, Inc. and affiliates as of June 30, 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.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of LSU at Alexandria Foundation, Inc. taken as a whole. The accompanying schedules 1-7 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

Handwritten signature: Payne, Moore & Herrington, LLP
Certified Public Accountants

November 18, 2010

- MARVIN N. JUREAN, C.P.A.
ERNEST F. SASSER, C.P.A.
ROBERT W. HYDRAK, C.P.A.
REBECCA B. MORRIS, C.P.A.
MICHAEL A. JUREAN, C.P.A.
JAMES N. BALLARD, C.P.A.
CINDY L. HUMPHRIES, C.P.A.
BERORAN N. DIXON, C.P.A.

**LSU at Alexandria Foundation, Inc.**  
**Consolidated Statements of Financial Position**  
**June 30, 2010 and 2009**

Exhibit A

	<b>Assets</b>	
	<u>2010</u>	<u>2009</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,143,767	\$ 1,143,715
Pledges receivable and unconditional promises to give, net	652,882	54,298
Tenant receivables, net	67,671	84,764
Prepaid expenses	2,685	1,289
Inventory	266	294
<b>Total Current Assets</b>	<u>1,867,271</u>	<u>1,284,360</u>
<b>Investments</b>	11,549,485	10,077,336
<b>Beneficial Interest in Net Assets of   Central LA Community Foundation</b>	1,185,514	1,016,327
<b>Property, Plant, and Equipment,   Net of Accumulated Depreciation</b>	12,014,221	12,457,170
<b>Art Collection</b>	2,605,795	2,605,795
<b>Long-Term Unconditional Promises to Give</b>	41,336	69,188
<b>Bond Issuance Costs,   Net of Accumulated Amortization</b>	458,426	475,890
<b>Other Assets</b>	250	250
<b>Total Assets</b>	<u>\$ 29,722,298</u>	<u>\$ 27,986,316</u>
	<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>		
Accounts payable	\$ 381,859	\$ 209,498
Note payable - line of credit	29,835	29,835
Accrued interest payable	127,652	128,848
Bonds payable	130,000	110,000
Rental deposits	33,952	14,695
Deferred revenues	7,090	14,578
Other accrued expenses	5,188	25,230
<b>Total Current Liabilities</b>	<u>715,576</u>	<u>532,684</u>
<b>Other Liabilities</b>		
Bonds payable	11,665,000	11,795,000
<b>Net Assets</b>		
Unrestricted	5,976,760	5,349,657
Temporarily restricted	5,335,924	5,283,410
Permanently restricted	6,029,038	5,025,565
<b>Total Net Assets</b>	<u>17,341,722</u>	<u>15,658,632</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 29,722,298</u>	<u>\$ 27,986,316</u>

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

**LSU at Alexandria Foundation, Inc.**  
**Consolidated Statements of Activities**  
**Years Ended June 30, 2010 and 2009**

Exhibit B

	2010			2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Summarized Total
<b>Revenues, Gains, and Reclassifications</b>					
Contributions	\$ 30,982	\$ 103,732	\$ 1,002,810	\$ 1,137,524	\$ 433,176
Interest and dividends	57,972	329,128	663	387,763	184,781
Noncash support	41,146	-	-	41,146	129,306
Memberships	9,785	-	-	9,785	7,005
Program fees	13,036	-	-	13,036	1,890
Student housing income	1,071,866	-	-	1,071,866	1,092,903
Fundraising	7,990	-	-	7,990	1,025
Unrealized/realized gain (loss) on investments	1,188,377	-	-	1,188,377	(2,444,867)
Athletic boosters	-	74,348	-	74,348	-
Other income	69,340	-	-	69,340	29,889
Net assets released from restrictions	454,694	(454,694)	-	-	-
<b>Total Revenues, Gains (Losses), and Reclassifications</b>	<b>2,945,188</b>	<b>52,514</b>	<b>1,003,473</b>	<b>4,001,175</b>	<b>(564,892)</b>
<b>Expenses</b>					
<b>Program expenses:</b>					
<b>Foundation:</b>					
Athletic boosters	75,122	-	-	75,122	-
Investment management fees	138,649	-	-	138,649	122,726
Miscellaneous	128	-	-	128	4,649
Office supplies	1,562	-	-	1,562	1,607
Official functions	51,369	-	-	51,369	16,889
Operating services	2,476	-	-	2,476	1,878
Professional services	32,754	-	-	32,754	20,440
Professorships	27,368	-	-	27,368	45,520
Registration fees	1,438	-	-	1,438	6,062
Faculty grants	5,708	-	-	5,708	13,818
Scholarships and awards	95,505	-	-	95,505	80,242
Supplies	6,040	-	-	6,040	6,003
Travel	13,055	-	-	13,055	19,071
<b>Museum:</b>					
Administration	129,819	-	-	129,819	132,753
Education	6,103	-	-	6,103	5,916
Exhibits	16,466	-	-	16,466	10,279
Fundraising	8,389	-	-	8,389	-
Other program services	3,680	-	-	3,680	10,236
<b>Student housing:</b>					
Student housing	650,977	-	-	650,977	573,756
<b>Other expenses:</b>					
Depreciation and amortization	538,767	-	-	538,767	536,862
Interest expense	512,710	-	-	512,710	516,175
<b>Total Expenses</b>	<b>2,318,085</b>	<b>-</b>	<b>-</b>	<b>2,318,085</b>	<b>2,124,882</b>
<b>Change in Net Assets</b>	<b>627,103</b>	<b>52,514</b>	<b>1,003,473</b>	<b>1,683,090</b>	<b>(2,689,774)</b>
<b>Net Assets, Beginning of Year</b>	<b>5,349,657</b>	<b>5,283,410</b>	<b>5,025,565</b>	<b>15,658,632</b>	<b>18,348,406</b>
<b>Net Assets, End of Year</b>	<b>\$ 5,976,760</b>	<b>\$ 5,335,924</b>	<b>\$ 6,029,038</b>	<b>\$ 17,341,722</b>	<b>\$ 15,658,632</b>

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

**LSU at Alexandria Foundation, Inc.**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2010 and 2009**

Exhibit C

	2010	2009
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 1,683,090	\$ (2,689,774)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	538,767	536,862
Unrealized (gain) loss on investments	(1,188,377)	2,444,867
Donation of art collection	-	(80,788)
Bad debt expenses	37,246	2,021
Changes in operating assets and liabilities:		
Pledges receivable	(598,584)	710
Tenant receivables	(20,153)	(49,884)
Prepaid expenses	(1,396)	(1,289)
Inventory	28	313
Accounts payable	172,361	127,952
Accrued interest payable	(1,196)	210
Rental deposits	19,257	444
Deferred revenues	(7,488)	5,977
Other accrued expenses	(20,042)	20,297
<b>Net Cash Provided by Operating Activities</b>	<b>613,513</b>	<b>317,918</b>
<b>Cash Flows from Investing Activities</b>		
Purchase of investments	(626,215)	(641,762)
Reinvestment of income from investments	(387,665)	(179,528)
Withdrawal of investments	560,921	417,852
Collections on long term unconditional promises to give	27,852	26,542
Cash paid for purchase of fixed asset	(78,354)	(4,053)
<b>Net Cash Used in Investing Activities</b>	<b>(503,461)</b>	<b>(380,949)</b>
<b>Cash Flows from Financing Activities</b>		
Principal payments on long term debt	(110,000)	(109)
<b>Net Cash Used in Financing Activities</b>	<b>(110,000)</b>	<b>(109)</b>
<b>Increase (Decrease) in Cash</b>	<b>52</b>	<b>(63,140)</b>
<b>Cash, Beginning of Year</b>	<b>1,143,715</b>	<b>1,206,855</b>
<b>Cash, End of Year</b>	<b>\$ 1,143,767</b>	<b>\$ 1,143,715</b>

**Additional required disclosures:**

1. LSU at Alexandria Foundation, Inc. considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. No income taxes were paid during the current fiscal year.
3. Interest paid for the year ended June 30, 2010 amounted to \$512,710.
4. There were no material noncash financing or investing transactions during the fiscal year ended June 30, 2010.

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

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2010**

**Notes to Financial Statements**

**1. Nature of Activities and Significant Accounting Policies**

Nature of Activities

The LSU at Alexandria Foundation, Inc. is a nonprofit corporation formed to promote the educational and cultural welfare of Louisiana State University at Alexandria, Louisiana, by accepting gifts for the purpose of providing scholarships, aiding research, and such other designated projects for the benefit of the University. LSU at Alexandria Foundation, Inc. owns and operates Alexandria Museum Association, LLC, which provides educational and cultural enrichment to students and promotes community awareness of the arts. LSU at Alexandria Foundation, Inc. also owns and operates The Oaks of Alexandria, LLC, which provides on-campus student housing.

Consolidation

The accompanying consolidated financial statements include the accounts of the LSU at Alexandria Foundation, Inc. and its wholly owned subsidiaries, the Alexandria Museum Association LLC., and The Oaks of Alexandria, LLC. All material intercompany transactions and balances have been eliminated in the consolidation.

Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The consolidated financial statements of LSU at Alexandria Foundation, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The accompanying consolidated financial statements of LSU at Alexandria Foundation, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America. It is the policy of LSU at Alexandria Foundation, Inc. to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

Cash in a checking account is deposited with one local financial institution for LSU at Alexandria Foundation, Inc., and in various separate checking accounts for the wholly owned subsidiaries, which is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. There were no uninsured balances at June 30, 2010.

The LSU at Alexandria Foundation, Inc. considers cash in checking accounts and money market funds as cash and cash equivalents.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2010**

**Notes to Financial Statements**

Cash and cash equivalents reported in the consolidated statement of financial position includes \$969,168 which is restricted for debt service requirements related to revenue bonds.

**Promises to Give**

Unconditional promises to give are recognized as revenue in the period received, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other 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.

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at their net realizable value discounted to present value, using risk-free interest rates applicable to the years in which the promises are to be received. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

**Tenant Receivables**

Tenant receivables represent net unpaid lease obligations related to student housing at The Oaks of Alexandria, LLC. The allowance for uncollectible tenant receivables is assessed by management based on historical collection rates and aging of the uncollected accounts.

**Inventory**

Inventory consists of goods purchased for resale in the gift shop. It is reported at lower of cost or market, on a first-in, first-out basis.

**Investments**

The Foundation and its wholly owned subsidiaries carry investments with Louisiana State University Foundation and Central Louisiana Community Foundation. These funds are pooled and invested with funds from other similar organizations. Investments are reported at their market values in the consolidated statement of financial position as reported to LSU at Alexandria Foundation, Inc. by the investment administrators. Unrealized gains and losses are included in the change in net assets in the statement of activities. There are no known material unrecorded permanent market value declines in marketable securities.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2010**

**Notes to Financial Statements**

**Property, Plant, and Equipment**

Purchased property and equipment is recorded at acquisition cost; donated property and equipment is recorded at its fair value as of the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Repairs, maintenance, and minor replacements are charged to operations as incurred. Major replacements and improvements are capitalized at cost.

**Art Collection**

In 1977, the Museum elected to capitalize its collection. Items purchased are capitalized at their cost; items contributed are capitalized at their fair or appraised value at the accession date.

In 2009, the LSU at Alexandria Foundation, Inc. received donated artwork to be displayed on the campus of LSU at Alexandria. The artwork is capitalized in the statement of financial position at its appraised value at the accession date.

**Deferred Revenues**

Revenues from a fundraising campaign for the Alexandria Museum Association, LLC have been recorded on the consolidated statement of financial position as unearned until such time as the related project for the campaign is started and completed, at which time the revenue will be recorded on the statement of activities.

Revenues from other Museum events are recorded as deferred if the related event is beyond the date of the statement of financial position. Such revenues are recognized when the event is held.

**Donated Services**

No amounts have been reflected in the financial statements for donated services. The Foundation pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs.

Substantial services and support are provided by LSU at Alexandria for the operation of LSU at Alexandria Foundation, Inc. and affiliates and pursuant to the management agreement discussed in Note 8. The value of this support has not been recorded in the accompanying financial statements as values were not readily determinable.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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.

**LSU at Alexandria Foundation, Inc.  
June 30, 2010**

**Notes to Financial Statements**

Advertising Costs

Advertising costs are expensed when incurred. Advertising costs charged to expense for the year ended June 30, 2010 totaled \$20,211.

Concentrations

LSU at Alexandria Foundation, Inc. and affiliates rely on support and revenues from donors and tenants associated with LSU at Alexandria. Housing is available only to qualifying students, therefore, ability to reach lease capacity is contingent on student interest and enrollment.

LSU at Alexandria Foundation, Inc. and its affiliate, Alexandria Museum of Art, rely on contributions and support from donors in the Central Louisiana area and on the performance of investments.

Subsequent Events

Management has evaluated subsequent events through November 18, 2010, the date which the financial statements were available for issue. There were no subsequent events that require disclosure.

**2. Pledges Receivable**

Pledges receivable at June 30, 2010, consist of unconditional promises to give as follows:

Receivable in less than one year	\$ 652,882
Receivable in one to five years	41,336
Total pledges receivable	<u>\$ 694,218</u>

The receivable due in one year or less includes \$51,831 which represents the Charitable Lead Annuity Trust described below.

During 2003 an anonymous donor created a Charitable Lead Annuity Trust naming the Museum as one of the benefactors. The trust is for a period of ten years with the Museum receiving \$30,000 annually. Receipts from the annuity are restricted to the Museum's operating endowment.

The annual payments due in more than one year are discounted to their present value using rates published by the Pension Benefit Guaranty Corporation. The published rate for June 2010 was four percent (4%). The total unamortized discount as of June 30, 2010, was \$3,672. The unconditional promises due in more than one year represent the future gifts from an irrevocable Charitable Lead Annuity Trust, therefore no provision for uncollectible promises is necessary.

In the opinion of management, all pledges receivable and unconditional promises to give at June 30, 2010 were considered to be collectible and an allowance for uncollectible pledges and promises to give was not considered necessary.

**LSU at Alexandria Foundation, Inc.  
June 30, 2010**

**Notes to Financial Statements**

**3. Tenant Receivables**

Gross tenant receivables at June 30, 2010 totaled \$154,341. Tenant receivables in the statement of financial position are shown net of estimated uncollectibles of \$86,670. The allowance for uncollectible tenant receivables was determined by management's evaluation of individual student accounts and aging of those accounts.

**4. Investments**

LSU Foundation Managed Assets

On July 3, 1995, the LSU at Alexandria Foundation, Inc. entered into a management agreement with the LSU Foundation whereby the LSU Foundation shall hold funds on behalf of the LSU at Alexandria Foundation, Inc. solely for the purpose of investing the funds. The LSU Foundation may assess its standard management fees annually to cover its administrative costs. This agreement shall remain in effect until a 180-day written notice is given by either party to the other party.

Investments held by the LSU Foundation on behalf of the LSU at Alexandria Foundation, Inc. are reported at their fair values in the statement of financial position. As of June 30, 2010, investments in LSU Foundation managed assets are set forth below:

Investments at cost	\$ 10,891,239
Add:	
Unrealized gain	658,246
Market Value	<u>\$ 11,549,485</u>

Beneficial Interest in Net Assets of Central Louisiana Community Foundation

The Alexandria Museum Association, LLC has established two endowment funds by transferring cash to the Central Louisiana Community Foundation. The Museum receives quarterly distributions of income from the operations endowment fund. Earnings from the collections endowment are reported as temporarily restricted income and may be requested for support and maintenance of the permanent art collection. The Alexandria Museum Association, LLC may request distribution of all or part of the principal it contributes to the funds. The Board of the Foundation will grant such a request if it concludes that such a distribution is consistent with the charitable purposes of the Foundation, which may be deferred for up to 90 days in order to permit orderly and timely liquidation of assets to meet the request. The funds may be charged regularly for a proper allocation of direct and indirect expenses attributable to the creation and maintenance of the funds. The Foundation has the authority to vary the terms of the gift. The Foundation will notify the Museum within 30 days following any decision of the Board of Trustees of the Foundation to exercise this variance power. If the Foundation ceases to be a qualified charitable organization or if the Foundation proposes to dissolve, the assets of the funds shall be distributed to the Alexandria Museum Association, LLC. At that time if the Alexandria Museum Association, LLC is not then a qualified charitable organization, the Foundation shall distribute the assets of the funds in a manner and to any organization serving the Central Louisiana Community that satisfy the requirements of a qualified charitable organization and serve purposes similar to those of the Alexandria Museum Association, LLC. Transfers to these funds at the Central Louisiana Community Foundation during the year ended June 30, 2010 totaled \$7,500. The beneficial interest in net assets of Central Louisiana Community Foundation is presented in the financial statements at fair value of \$1,185,514 at June 30, 2010. Investment earnings on the fund totaled \$41,419. There were no realized gains or losses, and unrealized gains totaled \$127,416 for the year ended June 30, 2010.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2010**

**Notes to Financial Statements**

<u>Description</u>	<u>Fair Value Measurement at Reporting Date Using</u>			
	<u>Total</u> 06/30/10	<u>Quoted Prices</u> In Active Markets for Identical Assets (Level 1)	<u>Significant</u> Other Observable Inputs (Level 2)	<u>Significant</u> Unobservable Inputs (Level 3)
Investments held by LSU Foundation	\$ 11,549,485	\$ -	\$ 11,549,485	\$ -
Beneficial interest in Net Assets of Central LA Community Foundation	\$ 1,185,514	\$ -	\$ 1,185,514	\$ -

**5. Property, Plant, and Equipment**

The following schedule summarizes estimated useful life, cost, and accumulated depreciation of property, plant, and equipment of the wholly owned subsidiaries as of June 30, 2010:

	<u>Life</u>	
Land		\$ 276,979
Building and improvements	40 Years	4,427,552
Furniture and equipment	5 – 7 Years	10,225,613
Website	3 Years	162,500
Computer software	3 Years	4,365
		<u>15,097,009</u>
Less: Accumulated Depreciation		<u>3,082,788</u>
		<u>\$ 12,014,221</u>

Depreciation expense was \$521,303 for the year ended June 30, 2010.

**6. Note Payable – Line of Credit**

At June 30, 2010, the Museum had a \$50,000 line of credit, secured by furniture and equipment, with a local bank to be drawn upon as needed, with an interest rate at June 30, 2010 of 4.75%. As of June 30, 2010, \$29,835 of the line of credit had been drawn down and was outstanding. Interest paid during the year ended June 30, 2010 on this line of credit totaled \$1,440.

**7. Other Accrued Expenses**

LSU at Alexandria assesses charges for student housing to student accounts and remits payment to The Oaks of Alexandria, LLC prior to full collection from the student. Other accrued expenses represents management's estimate of student lease payments made to The Oaks of Alexandria, LLC pursuant to the facility management agreement that may be subject to repayment to LSU at Alexandria if the student accounts held by the university are not paid within three years.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2010**

**Notes to Financial Statements**

**8. Bonds Payable**

Pursuant to a bond indenture and related agreements dated October, 10, 2006, Louisiana State University at Alexandria Foundation, through its wholly-owned subsidiary, The Oaks of Alexandria, L.L.C. borrowed \$11,905,000 through a loan agreement with the Louisiana Public Facilities Authority, and in conjunction with the issuance of this same amount in revenue bonds designated "Louisiana Public Facilities Authority Revenue Bonds (The Oaks of Alexandria, L.L.C.-Louisiana State University at Alexandria Student Housing Project), Series 2006."

The proceeds from the sale of the bonds were used for the purpose of financing, planning, designing, constructing, furnishing and equipping residence facilities for use by Louisiana State University at Alexandria. The proceeds were also used to establish a debt service reserve fund, and to provide for capitalized interest and for a portion of the costs of issuance.

The bonds are controlled by the bond trust indenture, which requires that the net proceeds be deposited and held by the trustee, Regions Bank. In addition, LSU at Alexandria Foundation, Inc. is subject to certain covenants that are detailed in the trust indenture document. The bonds are nonrecourse to the Foundation.

The bonds mature on the dates and in the principle installments set forth in the following table:

<u>Maturity October 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2010	\$ 130,000	4.000%
2011	150,000	5.000
2012	165,000	4.000
2013	190,000	5.000
2014	225,000	5.000
2015	250,000	5.000
2016	325,000	5.000
2017	340,000	4.000
2018	350,000	4.000
2024	2,445,000	4.125
2029	2,560,000	4.250
2036	<u>4,665,000</u>	4.375
	<u>\$ 11,795,000</u>	

Interest expense on bonds payable totaled \$511,270 for the year ended June 30, 2010.

The Foundation originally entered into a Facility Management Agreement with Campus Advantage, Inc. for the purpose of opening, managing, and operating the residence facilities described above. That agreement was terminated in November 2008 by mutual consent. A management agreement with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College acting through Louisiana State University at Alexandria was entered into for an initial term of five years. This agreement will automatically renew for additional one year periods unless terminated in writing by either party at least ninety days prior to the end of the current or renewal term.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2010**

**Notes to Financial Statements**

**9. Restrictions on Net Assets**

Temporarily restricted net assets of LSU at Alexandria Foundation, Inc. at June 30, 2010, are available for the following purposes:

Salaries and benefit supplements, scholarships, and other supporting services of Louisiana State University at Alexandria and the Alexandria Museum Association, LLC	\$ 5,335,924
--	--------------

Permanently restricted net assets consist of the following at June 30, 2010:

Endowment funds for the benefit of Louisiana State University at Alexandria	\$ 5,511,754
Endowment for collection and operations of Alexandria Museum Association, LLC	<u>517,284</u>
	\$ 6,029,038

**10. Grants**

During the fiscal year ended June 30, 1993, the LSU at Alexandria Foundation, Inc. received a \$1,000,002 Endowment Challenge Grant. The grant period is June 30, 1993 to May 31, 2013. Under the terms of the Endowment Challenge Grant Program, LSU at Alexandria Foundation, Inc. must deposit the \$1,000,002 grant funds along with \$500,001 matching funds into an endowment fund. During the 20-year grant period, the LSU at Alexandria Foundation, Inc. may not withdraw or spend any part of the endowment fund corpus or more than fifty (50) percent of the aggregate income earned. Grant funds totaling \$320,000 were received during the year ended June 30, 2010 and are reported as contributions in the statement of activities.

**11. Income Taxes**

The LSU at Alexandria Foundation, Inc. is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and applicable State Law. It is classified as an exempt organization other than a private foundation.

**12. Contributed Services and Property**

The LSU at Alexandria Foundation, Inc. and its wholly owned subsidiaries receives a significant amount of donated services and use of facilities from Louisiana State University at Alexandria (the University). University employees and unpaid volunteers assist in operations, fundraising, special projects and programs. No amounts have been recognized in the statement of activities as the value of the services and use of facilities was not readily determinable. Continued support from the University is directly dependent on funding the University receives. Budget cuts to the University could adversely impact the support available to LSU at Alexandria Foundation, Inc. and its affiliates.

The City of Alexandria began, on December 15, 2006, providing utilities for the operation of the Alexandria Museum Association, LLC. The fair value of the use of provided utilities for the current year was \$38,333.

**LSU at Alexandria Foundation, Inc.**  
**June 30, 2010**

**Notes to Financial Statements**

Donated property, when received, is reflected as a contribution in the accompanying statements at its estimated fair market values. The value of donated fundraising items is not recorded as contributions because there is not a fair basis for valuing them.

**13. Commitments and Contingencies**

Grants, bequests, and endowments require the fulfillment of certain conditions as set forth in the instrument. Failure to fulfill the conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grant.

**14. Interruption of Museum Operations and Insurance Reimbursement**

During the audit period, the Museum sustained substantial damage due to flooding from the sprinkler system resulting in interruption of operations. Insurance proceeds of \$51,904 covering some damages and losses due to interruption of operations were received during the year ended June 30, 2010 and are included in other income in the Museum's statement of activities.

**Additional Information**

**LSU at Alexandria Foundation, Inc.**  
**Statements of Financial Position**  
**June 30, 2010 and 2009**

Schedule 1

	<b>Assets</b>	
	<u>2010</u>	<u>2009</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 45,717	\$ 36,569
Pledges receivable, net	601,051	2,576
Prepaid expenses	1,925	-
Due from affiliates	59,541	11,667
Total Current Assets	<u>708,234</u>	<u>50,812</u>
 Investments in LSU Foundation managed assets, at fair value	 11,549,485	 10,077,336
 Art Collection	 <u>50,788</u>	 <u>50,788</u>
 <b>Total Assets</b>	 <u><u>\$ 12,308,507</u></u>	 <u><u>\$ 10,178,936</u></u>
	<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>		
Accounts payable	\$ 1,506	\$ -
 <b>Net Assets</b>		
Unrestricted	1,523,325	444,099
Temporarily restricted	5,271,922	5,224,408
Permanently restricted	5,511,754	4,510,429
Total Net Assets	<u>12,307,001</u>	<u>10,178,936</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 12,308,507</u></u>	 <u><u>\$ 10,178,936</u></u>

See independent auditor's report.

**LSU at Alexandria Foundation, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2010 and 2009**

Schedule 2

	2010			2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Summarized Total
<b>Revenues, Gains, and Reclassifications</b>					
Contributions	\$ 19,790	\$ 77,232	\$ 1,000,662	\$ 1,097,684	\$ 387,573
Interest and dividends	16,455	329,128	663	346,246	120,089
Noncash support	-	-	-	-	50,788
Unrealized/realized gain (loss) on investments	1,060,961	-	-	1,060,961	(2,184,276)
Athletic boosters	-	74,348	-	74,348	-
Net assets released from restrictions	433,194	(433,194)	-	-	-
Total Revenues, Gains (Losses), and Reclassifications	1,530,400	47,514	1,001,325	2,579,239	(1,625,826)
<b>Expenses</b>					
Athletic boosters	75,122	-	-	75,122	-
Investment management fees	138,649	-	-	138,649	122,726
Miscellaneous	128	-	-	128	4,649
Office supplies	1,562	-	-	1,562	1,607
Official functions	51,369	-	-	51,369	16,889
Operating services	2,476	-	-	2,476	1,878
Professional services	32,754	-	-	32,754	20,440
Professorships	27,368	-	-	27,368	45,520
Registration fees	1,438	-	-	1,438	6,062
Faculty grants	5,708	-	-	5,708	13,818
Scholarships and awards	95,505	-	-	95,505	80,242
Supplies	6,040	-	-	6,040	6,003
Travel	13,055	-	-	13,055	19,071
Total Expenses	451,174	-	-	451,174	338,905
<b>Change in Net Assets</b>	1,079,226	47,514	1,001,325	2,128,065	(1,964,731)
<b>Net Assets, Beginning of Year</b>	444,099	5,224,408	4,510,429	10,178,936	12,143,667
<b>Net Assets, End of Year</b>	<u>\$ 1,523,325</u>	<u>\$ 5,271,922</u>	<u>\$ 5,511,754</u>	<u>\$ 12,307,001</u>	<u>\$ 10,178,936</u>

See independent auditor's report.

**Alexandria Museum Association, LLC**  
**Statements of Financial Position**  
**June 30, 2010 and 2009**

Schedule 3

<b>Assets</b>	<b>2010</b>	<b>2009</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 43,931	\$ 25,268
Unconditional promises to give	51,831	51,722
Prepaid expenses	760	1,289
Inventory	266	294
Total Current Assets	96,788	78,573
<b>Beneficial Interest in Net Assets of Central LA Community Foundation</b>	1,185,514	1,016,327
<b>Property, Plant, and Equipment, Net of Accumulated Depreciation</b>	3,478,089	3,517,696
<b>Art Collection</b>	2,555,007	2,555,007
<b>Long-Term Unconditional Promises to Give</b>	41,336	69,188
<b>Total Assets</b>	\$ 7,356,734	\$ 7,236,791
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 864	\$ 1,967
Due to affiliates	59,541	11,667
Note payable - line of credit	29,835	29,835
Accrued interest payable	95	210
Rental deposits	7,559	1,495
Deferred revenues	7,090	7,130
Total Current Liabilities	104,984	52,304
<b>Net Assets</b>		
Unrestricted	6,670,464	6,610,349
Temporarily restricted	64,002	59,002
Permanently restricted	517,284	515,136
Total Net Assets	7,251,750	7,184,487
<b>Total Liabilities and Net Assets</b>	\$ 7,356,734	\$ 7,236,791

See independent auditor's report.

**Alexandria Museum Association, LLC**  
**Statements of Activities**  
**Years Ended June 30, 2010 and 2009**

Schedule 4

	2010			2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Summarized Total
<b>Revenues, Gains, and Reclassifications</b>					
Contributions	\$ 11,192	\$ 26,500	\$ 2,148	\$ 39,840	\$ 45,603
Memberships	9,785	-	-	9,785	7,005
Program fees	13,036	-	-	13,036	1,890
Fundraising	7,990	-	-	7,990	1,025
Interest and dividends	41,419	-	-	41,419	59,463
Noncash support	41,146	-	-	41,146	78,518
Unrealized/realized gain (loss) on investments	127,416	-	-	127,416	(260,591)
Other income	69,340	-	-	69,340	29,889
Net assets released from restrictions	21,500	(21,500)	-	-	-
Total Revenues, Gains (Losses), and Reclassifications	342,824	5,000	2,148	349,972	(37,198)
<b>Expenses</b>					
Administration	129,819	-	-	129,819	132,753
Education	6,103	-	-	6,103	5,916
Exhibits	16,466	-	-	16,466	10,279
Fundraising	8,389	-	-	8,389	-
Other program services	3,680	-	-	3,680	10,236
Depreciation and amortization	116,812	-	-	116,812	115,289
Interest expense	1,440	-	-	1,440	1,791
Total Expenses	282,709	-	-	282,709	276,264
<b>Change in Net Assets</b>	60,115	5,000	2,148	67,263	(313,462)
<b>Net Assets, Beginning of Year</b>	6,610,349	59,002	515,136	7,184,487	7,497,949
<b>Net Assets, End of Year</b>	<u>\$6,670,464</u>	<u>\$ 64,002</u>	<u>\$ 517,284</u>	<u>\$7,251,750</u>	<u>\$7,184,487</u>

See independent auditor's report.

**Alexandria Museum Association, LLC  
Schedules of Administration Expenses  
Years Ended June 30, 2010 and 2009**

**Schedule 5**

	<u>2010</u>	<u>2009</u>
Bank charges	\$ 2,086	\$ 2,294
Investment fees	7,147	5,753
Computer and equipment maintenance	1,755	-
Dues	1,754	650
Insurance	14,880	-
Marketing	4,293	8,878
Miscellaneous	86	30
Office supplies	1,177	6,688
Postage and freight	2,018	2,680
Printing	-	1,110
Professional fees	1,900	9,201
Repairs and maintenance	44,133	33,054
Security	2,638	4,605
Telephone	6,110	6,585
Travel and entertainment	1,509	2,707
Utilities	38,333	48,518
<b>Total</b>	<u><u>\$ 129,819</u></u>	<u><u>\$ 132,753</u></u>

See independent auditor's report.

**The Oaks of Alexandria, LLC**  
**Statements of Financial Position**  
**June 30, 2010 and 2009**

Schedule 6

<b>Assets</b>	<b>2010</b>	<b>2009</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,054,119	\$ 1,081,878
Tenant receivables, net	67,671	84,764
Total Current Assets	1,121,790	1,166,642
<b>Property, Plant, and Equipment, Net of Accumulated Depreciation</b>	8,536,132	8,939,474
<b>Bond Issuance Costs, Net of Accumulated Amortization</b>	458,426	475,890
<b>Other Assets</b>	250	250
<b>Total Assets</b>	\$ 10,116,598	\$ 10,582,256
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 379,489	\$ 207,531
Accrued interest payable	127,557	128,638
Bonds payable	130,000	110,000
Rental deposits	26,393	13,200
Deferred revenues	-	7,448
Other accrued expenses	5,188	25,230
Total Current Liabilities	668,627	492,047
<b>Other Liabilities</b>		
Bonds payable	11,665,000	11,795,000
<b>Net Assets</b>		
Unrestricted	(2,217,029)	(1,704,791)
Temporarily restricted	-	-
Permanently restricted	-	-
Total Net Assets	(2,217,029)	(1,704,791)
<b>Total Liabilities and Net Assets</b>	\$ 10,116,598	\$ 10,582,256

See independent auditor's report.

**The Oaks of Alexandria, LLC**  
**Statements of Activities**  
**Years Ended June 30, 2010 and 2009**

Schedule 7

	2010			2009	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Summarized Total
<b>Revenues, Gains, and Reclassifications</b>					
Student housing income	\$ 1,032,126	\$ -	\$ -	\$ 1,032,126	\$ 1,015,486
Other housing income	39,740	-	-	39,740	77,417
Interest and dividends	98	-	-	98	5,229
Total Revenues, Gains, and Reclassifications	1,071,964	-	-	1,071,964	1,098,132
<b>Expenses</b>					
Staffing services	149,105	-	-	149,105	185,579
Repairs and maintenance	98,793	-	-	98,793	50,126
Turnover	49,883	-	-	49,883	26,569
Common area	6,057	-	-	6,057	31,660
Utilities	164,561	-	-	164,561	151,922
Marketing and leasing	38,560	-	-	38,560	18,112
Resident life	10,916	-	-	10,916	4,306
Food service	803	-	-	803	231
General and administrative	62,265	-	-	62,265	51,149
Management fees	-	-	-	-	17,160
Professional fees	13,587	-	-	13,587	36,942
Insurance	56,447	-	-	56,447	-
Depreciation and amortization	421,955	-	-	421,955	421,573
Interest expense	511,270	-	-	511,270	514,384
Total Expenses	1,584,202	-	-	1,584,202	1,509,713
<b>Change in Net Assets</b>	(512,238)	-	-	(512,238)	(411,581)
<b>Net Assets, Beginning of Year</b>	(1,704,791)	-	-	(1,704,791)	(1,293,210)
<b>Net Assets, End of Year</b>	<u>\$ (2,217,029)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,217,029)</u>	<u>\$ (1,704,791)</u>

See independent auditor's report.