

Bruno & Tervalon LLP
Certified Public Accountants

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SOUTHERN UNIVERSITY SYSTEM FOUNDATION

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

FOR THE YEAR ENDED JUNE 30, 2003

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 11-24-04

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

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of the **Southern University System Foundation (the Foundation)** as of June 30, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **the Foundation's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the **Southern University System Foundation** as of June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

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

Our 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 page 21) is presented for the purpose of additional analysis and is not a required part of the basic financial statements of **the Foundation**. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

September 27, 2004

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2003

ASSETS

Current Assets:

Cash and cash equivalents (NOTE 2)	\$1,835,450
Certificates of deposit	400,592
Accounts receivable	299,252
Note receivable	4,743
Due from affiliate (NOTE 9)	13,399
Other assets	30,608
Unconditional promises to give (net allowance of \$171,314) (NOTES 2 AND 7)	57,696

Restricted Assets: (NOTE 2)

Cash and cash equivalents	425,785
Certificates of deposits	105,681
Investments (NOTE 3)	<u>2,168,821</u>

Total current assets 5,342,027

Noncurrent Assets:

Due from Millennium Housing, LLC (NOTE 10)	636,957
Unconditional promises to give (NOTES 2 AND 7)	233,758
Fixed assets (net of accumulated depreciation of \$70,737) (NOTE 4)	<u>3,195,885</u>

Total noncurrent assets 4,066,600

Total assets \$9,408,627

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
STATEMENT OF FINANCIAL POSITION, CONTINUED
JUNE 30, 2003

LIABILITIES

Current Liabilities:

Bank overdraft	\$ 16,586
Accounts payable and accrued liabilities	499,960
Retainage payable	4,960
Accrued interest payable	15,492
Payroll taxes payable	4,690
Deferred revenue (NOTE 2)	23,000
Due to affiliate (NOTE 11)	2,687,761
Line of credit (NOTE 12)	414,817
Notes payable (NOTE 13)	52,637
Bonds payable (NOTE 14)	<u>170,000</u>

Total current liabilities 3,889,903

Noncurrent Liabilities (NOTE 2):

Notes payable (NOTE 13)	362,884
Bonds payable (NOTE 14)	<u>1,530,000</u>

Total noncurrent liabilities 1,892,884

Total liabilities 5,782,787

Net Assets (NOTE 2):

Unrestricted	210,514
Temporarily restricted	2,164,580
Permanently restricted	<u>1,250,746</u>

Total net assets 3,625,840

Total liabilities and net assets \$9,408,627

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>				
Contributions and other support	\$ 47,367	\$ 2,091,852	\$ 90,156	\$ 2,229,375
Investment income (NOTE 2)	27,874	22,359	-0-	50,233
Unrealized loss (NOTE 2)	632	(11,698)	(16,355)	(27,421)
Other income	63,347	-0-	750	64,097
Other program support	36,560	246,150	-0-	282,710
In-kind revenue (NOTE 16)	207,557	-0-	-0-	207,557
Net assets released from restrictions:				
Satisfaction of program restrictions (NOTE 6)	<u>2,365,043</u>	<u>(2,365,043)</u>	<u>-0-</u>	<u>-0-</u>
Total revenues and other support	<u>2,748,380</u>	<u>(16,380)</u>	<u>74,551</u>	<u>2,806,551</u>
<u>EXPENSES</u>				
Program	1,648,787	-0-	-0-	1,648,787
General	1,120,771	-0-	-0-	1,120,771
Fund raising	<u>4,882</u>	<u>-0-</u>	<u>-0-</u>	<u>4,882</u>
Total expenses	<u>2,774,440</u>	<u>-0-</u>	<u>-0-</u>	<u>2,774,440</u>
Changes in net assets	(26,060)	(16,380)	74,551	32,111
Net assets, beginning of year	<u>236,574</u>	<u>2,180,960</u>	<u>1,176,195</u>	<u>3,593,729</u>
Net assets, end of year	<u>\$ 210,514</u>	<u>\$ 2,164,580</u>	<u>\$ 1,250,746</u>	<u>\$ 3,625,840</u>

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

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2003**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets: \$ 32,111

Adjustments to reconcile revenues in excess of
expenses to net cash provided by operating activities:

Depreciation	10,849
Unrealized losses on investments	27,421
Increase in accounts receivable	(215,285)
Decrease in notes receivable	8,299
Decrease in net pledges receivable	563,325
Decrease in administrative fee receivable	27,106
Increase in other assets	(30,608)
Decrease in due from affiliate	1,271
Increase in due from Millennium Housing, LLC	(636,957)
Increase in bank overdraft	16,586
Increase in accounts payable	324,884
Increase in payroll tax payable	3,894
Decrease in deferred revenue	(122,000)
Decrease in due to affiliate	30,702
Increase in retainage payable	4,960
Increase in accrued interest payable	<u>15,492</u>

Net provided by operating activities 62,050

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of investments	389,915
Proceeds from sale of certificates of deposit	507,846
Purchase of equipment	<u>(2,355,611)</u>

Net cash used in investing activities (1,457,850)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from bank loan	4,427,005
Repayments of notes payable	<u>(2,096,667)</u>

Net cash provided by financing activities 2,330,338

Net increase in cash and cash equivalents 934,538

Cash and cash equivalents, beginning of year 1,326,697

Cash and cash equivalents, end of year \$ 2,261,235

Interest paid in cash \$ 113,075

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization and Purpose:

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

NOTE 2 - Summary of Significant Accounting Policies:

Tax Exemption Status

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

Basis of Reporting

The Foundation is a non-profit organization whose financial statements are prepared on the accrual basis. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Foundation has adopted the provision of Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organization", which 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 assets categories according to external (donor) imposed restrictions.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Financial Statement Presentation, Continued

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

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

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

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

Promises to Give

Unconditional promises to give are recognized as contribution revenue and receivables in the period in which the promise is received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at the present value of their estimated future cash flows if they are expected to be collected in more than one year. The discounts on these amounts are computed using risk free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Investments and Investment Income

Investments in equity securities and mutual funds are measured at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recorded as an increase in unrestricted net assets, unless the use is restricted by the donor or law.

Contributions

The Foundation accounts for contributions in accordance with the requirements of the Financial Accounting Standards Board in Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

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

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Cash and Cash Equivalents

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

Fixed Assets

Fixed assets of **the Foundation** are recorded as assets and are stated at historical cost if purchased, or at fair value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

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

Functional Allocation of Expenses

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

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Restricted Assets

Cash and cash equivalents, certificates of deposit and investments that are held on behalf of the University are classified as restricted assets in the statement of financial position.

Deferred Revenues

Deferred revenues include amounts received for contract and football suite sponsors that have not yet been earned.

Noncurrent Liabilities

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

NOTE 3 - Investments:

Investments as of June 30, 2003 are summarized as follows:

	<u>Cost</u>	<u>Fair/Carrying Value</u>
Temporarily and permanently restricted:		
Equity and fixed income	\$2,099,055	\$2,168,821

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 3 - Investments, Continued:

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2003:

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Investment income	\$27,874	\$ 22,359	\$ -0-	\$ 50,233
Unrealized gain/(losses)	<u>632</u>	<u>(11,698)</u>	<u>(16,355)</u>	<u>(27,421)</u>
 Total investment return	 <u>\$28,506</u>	 <u>\$ 10,661</u>	 <u>\$(16,355)</u>	 <u>\$ 22,812</u>

NOTE 4 - Fixed Assets:

Land, building and equipment as of June 30, 2003, are summarized as follows:

Land	\$ 480,375
Building	172,125
Office equipment	13,966
Scoreboard equipment	2,555,611
Furniture and fixtures	<u>44,545</u>
 Sub-total	 3,266,622
 Less: accumulated depreciation	 <u>(70,737)</u>
 Total	 <u>\$3,195,885</u>

Depreciation expense totaled \$10,849 for the year ended June 30, 2003.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Concentrations of Credit Risk:

Financial instruments that potentially subject **the Foundation** to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeded federally insured limits by \$1,856,654 as of June 30, 2003.

NOTE 6 - Net Assets Released from Donor Restrictions:

Net assets were released from donor restrictions by satisfying the restricted purposes or by occurrence of other events specified by the donors for the year ended June 30, 2003:

Scholarships and educational assistance	\$ 92,024
Conferences and meetings	124,054
Special events and projects	589,314
University support	633,699
Other	<u>722,696</u>
Total	<u>\$2,161,787</u>

NOTE 7 - Unconditional Promises to Give:

Unconditional promises to give as of June 30, 2003 are as follows:

Promises to give expected to be collected in:	
Less than one year	\$ 229,010
More than five years	<u>425,000</u>
Sub-total	654,010
Less: Allowance for doubtful accounts	(171,314)
Less: Discounts to net present value	<u>(191,242)</u>
Net unconditional promises to give	<u>\$ 291,454</u>

The discount rate used was 4% for the year ended June 30, 2003.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 8 - Net Assets:

Temporarily restricted net assets as of June 30, 2003 are available for grants to support the Southern University System in the following general areas:

Scholarships and educational assistance	\$ 93,995
Academic support and enrichment	1,926,367
Capital outlay and improvements	<u>144,218</u>
	<u>\$2,164,580</u>

Permanently restricted net assets as of June 30, 2003 are restricted for investment in perpetuity, the income from which is expendable to support the activities listed below:

Chairs and professorships	\$ 285,000
Scholarships and educational assistance	<u>965,746</u>
	<u>\$1,250,746</u>

NOTE 9 - Due From Affiliate:

The Foundation has certain funds maintained by the Southern University System, which totaled \$13,399 at June 30, 2003.

NOTE 10 - Due from Millennium Housing, LLC:

On April 3, 2004, Millennium Housing, LLC (a non-profit organization) (the LLC) was established exclusively for the purpose of borrowing funds for the Student Housing and Mumford Stadium capital projects. **The Foundation** is the sole member and manager of the LLC and shall have all powers necessary to handle the LLC's affairs which includes: 1) the power to acquire property in the name of the LLC, 2) borrow monies from banks and

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - Due from Millennium Housing, LLC, Continued

lending institutions, 3) lease, sell and exchange the LLC property, 4) construct improvements on, demolish, rehabilitate the LLC property, and 5) hire, employ or contract with any management company, leasing agents, consultants, etc. For the year ended June 30, 2003, **the Foundation** paid certain expenses on behalf of the LLC for the Student Housing and Mumford Stadium capital projects in the amount of \$636,957. The LLC will reimburse **the Foundation** for the related expenses upon issuance of the revenue bonds subsequent to year-end.

NOTE 11 - Due to Affiliate:

Southern University System has contracted with **the Foundation** to invest the University's Endowed Chair for Eminent Scholars and Endowed Professorship endowment funds. The Endowed Chairs for Eminent Scholars endowment funds are established for \$1,000,000 with \$600,000 of private contributions and \$400,000 of state matching portion allocated by the Board of Regents for Higher Education. The Endowed Professorship Program endowment funds are established for \$100,000 with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. The amount due to the Southern University System as of June 30, 2003, totaled \$2,629,770.

Also, **the Foundation** received funds from corporate sponsors for the Athletic Department. The amounts due to Southern University System - Baton Rouge Campus as of June 30, 2003, totaled \$57,991.

The total amount due to affiliate as of June 30, 2003, totaled \$2,687,761.

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 12 - Line of Credit:

At June 30, 2003, the Foundation has available a \$670,000 line of credit under a commercial revolving note, expiring April 2005 bearing interest at prime plus 1%.

The amount borrowed on the line of credit totaled \$414,817 at June 30, 2003.

NOTE 13 - Notes Payable:

The following is a summary of notes payable at June 30, 2003:

Note payable to a bank, secured by the Scoreboard Equipment, with an interest rate of 7.5%, with a maturity date of February 15, 2007	\$100,000
Note payable to a contractor, with an interest rate of 7.186%, with a maturity date of April 20, 2013	<u>315,521</u>
Sub-total	415,521
Less: current portion	<u>(52,637)</u>
Total	<u>\$362,884</u>

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 13 - Notes Payable, Continued:

Scheduled principal payments due on the above notes payable subsequent to June 30, 2003 are as follows:

Year Ended June 30,

2004	\$ 52,637
2005	94,263
2006	26,007
2007	27,876
2008	22,879
Subsequent to 2008	<u>191,859</u>
Total	<u>\$415,521</u>

Interest expense for the year ended June 30, 2003, totaled \$101,196.

NOTE 14 - Revenue Bond Payable:

On May 19, 2003, the Louisiana Local Government Environmental Facilities and Community Development Authority issued \$1,700,000 of Revenue Bonds, (Series 2003) to **the Foundation**. The proceeds of the bonds were used for the purpose of funding a new entrance marquee and new athletic scoreboards on and adjacent to the campus of Southern University and Agricultural and Mechanical College and paying the costs of issuance of the Series 2003 Bonds. The bond agreement provides for interest on the outstanding bonds at a rate of 5.64% per annum. The bonds are due in annual principal installments of \$170,000, beginning February 15, 2004 and ending February 15, 2007, with a balloon principal payment of \$1,190,000.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - Revenue Bond Payable, Continued:

The requirements to amortize the bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>
2004	\$ 170,000
2005	170,000
2006	170,000
2007	<u>1,190,000</u>
Total	<u>\$1,700,000</u>

Interest expense for the year ended June 30, 2003, totaled \$11,186.

NOTE 15 - Fair Values of Financial Instruments:

The estimated fair value of all significant financial instrument amounts have been determined by **the Foundation** using available market information and appropriate valuation methodologies. The carrying value and estimated fair values of **the Foundation's** financial instruments at June 30, 2003 are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$2,261,235	\$2,261,235
Certificates of deposits	506,273	506,273
Note receivable	4,743	4,743
Unconditional promises to give	291,454	291,454
Investments	2,168,821	2,168,821
Financial Liabilities:		
Line of credit	414,817	414,817
Notes payable	415,521	415,521
Bonds payable	1,700,000	1,700,000

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 16 - In-Kind Donations:

During the fiscal year ended June 30, 2003, **the Foundation** received in-kind donations from Southern University System which are recorded in revenues and expenses. The in-kind donations are summarized as follows:

Salaries and related benefits	\$152,906
Operating services	52,671
Supplies	480
Scholarships	<u>1,500</u>
Total	<u>\$207,557</u>

NOTE 17 - Leases:

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

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

NOTE 17 - Leases, Continued:

On May 28, 2003, the Board of Supervisors for Southern University and Agricultural and Mechanical College (Lessor), the management board for and on behalf of Southern University and Agricultural and Mechanical College at Baton Rouge, entered into a lease agreement with **the Foundation** (the Lessee) to lease the inner perimeter of the Southern University Football Stadium, also known as Mumford Stadium. The area is to include the entire turf or grass area within the stadium and fence surrounding the stadium. **The Foundation** shall use the leased premises for the installation and repair and subsequent donation of turf on the football field and subsurface drainage system or other repairs or improvements. The term of the lease is for a period of time required to complete installation of the improvements. At time of completion of the installation, the lease shall be cancelled with respect to the leased premises. The lease calls for rent of \$1.00 and other good and valuable consideration and the Lessor's desire to acquire the improvements to be placed on the property. At the termination of the lease, all permanent improvements and/or alterations shall become the property of the Lessor.

SUPPLEMENTARY INFORMATION

**SOUTHERN UNIVERSITY SYSTEM FOUNDATION
SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>Program</u>	<u>General</u>	<u>Fund Raising</u>	<u>Total</u>
Cultivation/Recognition	\$ 21,462	\$ 870	\$ -0-	\$ 22,332
Advertising and promotion	1,805	-0-	-0-	1,805
Depreciation	6,436	4,413	-0-	10,849
Program support	253,150	-0-	-0-	253,150
Materials and supplies	41,922	8,853	-0-	50,775
Miscellaneous	1,190	-0-	-0-	1,190
Equipment and resource materials	9,122	1,937	-0-	11,059
Uncollectible pledges	-0-	722,696	-0-	722,696
Postage and mailing	2,577	799	1,863	5,239
Professional fees and contracts	161,049	71,205	-0-	232,254
Printing and publications	32,385	936	2,034	35,355
Conferences and professional meetings	124,054	-0-	-0-	124,054
Scholarships and educational assistance	92,024	-0-	-0-	92,024
Salaries and related benefits	-0-	48,518	-0-	48,518
Special events	182,485	-0-	-0-	182,485
Special projects and programs	406,829	4,256	985	412,070
Subscriptions, references, and dues	3,368	-0-	-0-	3,368
Travel and transportation	42,918	3,156	-0-	46,074
Bank fees	-0-	2,093	-0-	2,093
Faculty/staff development	2,090	1,515	-0-	3,605
Administrative fees	-0-	33,960	-0-	33,960
Insurance	-0-	2,934	-0-	2,934
In-kind expenses	-0-	207,557	-0-	207,557
Artifacts/cultural initiatives	138,496	-0-	-0-	138,496
Telecommunications	8,887	3,133	-0-	12,020
Public/community initiatives	3,463	1,940	-0-	5,403
Interest	<u>113,075</u>	<u>-0-</u>	<u>-0-</u>	<u>113,075</u>
Total	<u>\$1,648,787</u>	<u>\$1,120,771</u>	<u>\$4,882</u>	<u>\$2,774,440</u>

See Accompanying Independent Auditors' Report.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

EXIT CONFERENCE

An exit conference was held with the following individuals:

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

Mr. Curtis Lee	--	Executive Director
Ms. Deborah White	--	Assistant Executive Director
Mr. Richard Turnley	--	President, Board of Directors

SOUTHERN UNIVERSITY SYSTEM

Dr. Ralph Slaughter, CPA	--	System Vice President for Administration and Management
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BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA	--	Managing Partner
Mr. Waldo J. Moret, Jr., CPA	--	Partner
Mr. Sean M. Bruno, CPA	--	Manager
Mr. Eric J. Griffin	--	Audit Senior

The audit report and independent auditors' comments to management were discussed. This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than those specified parties.