

BLACK & GOLD FACILITIES, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2020 AND 2019

BLACK & GOLD FACILITIES, INC.
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Black & Gold Facilities, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Black & Gold Facilities, Inc. (the Facilities), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Facilities as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2020 and 2019 supplementary information, other supplementary information, and statistics and disclosures on pages 15 through 22 are presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Warren Averett, LLC

Birmingham, Alabama
August 28, 2020

BLACK & GOLD FACILITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS		
	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,474	\$ 16,717
NONCURRENT ASSETS		
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Investments	-	745,110
BUILDING AND REAL ESTATE, AT COST, NET OF ACCUMULATED DEPRECIATION		
	<u>334,029</u>	<u>2,909,666</u>
TOTAL ASSETS	<u><u>\$ 358,503</u></u>	<u><u>\$ 3,671,493</u></u>
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Accrued interest	\$ -	\$ 69,478
Current portion – bond payable	<u>-</u>	<u>140,000</u>
Total current liabilities	<u>-</u>	<u>209,478</u>
BOND PAYABLE, NET OF CURRENT PORTION	-	4,276,823
NET ASSETS (DEFICIT)		
Without Donor Restrictions:		
Invested in capital assets, net of related debt	334,029	(762,047)
Undesignated – available for operations	<u>24,474</u>	<u>(52,761)</u>
Total net assets (deficit)	<u>358,503</u>	<u>(814,808)</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u><u>\$ 358,503</u></u>	<u><u>\$ 3,671,493</u></u>

See notes to the financial statements.

BLACK & GOLD FACILITIES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
WITHOUT DONOR RESTRICTIONS		
REVENUES		
Rental income	\$ -	\$ 399,357
Contributed services	2,790	8,529
Interest income	<u>10,735</u>	<u>13,783</u>
Total revenues	<u>13,525</u>	<u>421,669</u>
OPERATING EXPENSES		
Miscellaneous operating expenses	2,790	8,529
Depreciation expense	-	139,248
Professional fees	39,890	-
Interest expense	<u>17,862</u>	<u>277,155</u>
Total operating expenses	<u>60,542</u>	<u>424,932</u>
Total operating losses	<u>(47,017)</u>	<u>(3,263)</u>
TRANSFER OF PROPERTY		
Gain on transfer of fixed assets	<u>1,220,328</u>	<u>-</u>
INCREASE (DECREASE) IN NET ASSETS	<u>1,173,311</u>	<u>(3,263)</u>
NET DEFICIT AT BEGINNING OF YEAR	<u>(814,808)</u>	<u>(811,545)</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ 358,503</u>	<u>\$ (814,808)</u>

See notes to the financial statements.

BLACK & GOLD FACILITIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,173,311	\$ (3,263)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	-	146,968
Gain on transfer of fixed assets	(1,220,328)	-
Net cash provided by (used in) operating activities	<u>(47,017)</u>	<u>143,705</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	65,509	416,210
Purchase of investments	(10,735)	(429,915)
Net cash provided by (used in) investing activities	<u>54,774</u>	<u>(13,705)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of bond payable	-	(130,000)
Net cash used in financing activities	<u>-</u>	<u>(130,000)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	7,757	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>16,717</u>	<u>16,717</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 24,474</u>	<u>\$ 16,717</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 87,340</u>	<u>\$ 269,435</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Transfer of net fixed assets	\$ 2,575,637	\$ -
Repayment of bonds payable	(4,504,168)	-
Transfer of trust account for defeasance	708,203	-
	<u>\$ (1,220,328)</u>	<u>\$ -</u>

See notes to the financial statements.

BLACK & GOLD FACILITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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

Basis of Financial Statement Preparation

The Facilities uses the accrual basis of accounting, whereby income is recognized when earned, and expenses are recognized when incurred.

Financial Statement Presentation

The Facilities reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. All net assets of the Facilities are classified as net assets without donor restriction.

Contributions

Contributions received are recorded as either net assets without donor restrictions or net assets with donor restrictions support, depending on the existence or nature of any donor restrictions. Contributions received by the Facilities include in-kind contributions from the University. It is the policy of the Facilities to record the estimated fair value of certain in-kind donations as an expense or asset in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2020 and 2019, \$2,790 and \$8,529, respectively, of in-kind contributions were received by the Facilities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Facilities considers all unrestricted cash on hand and unrestricted temporary investments purchased with an initial maturity of three months or less, except 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 Facilities maintains its cash and cash equivalents in bank deposit accounts, which, at times, may exceed federally insured limits. The Facilities has not experienced any losses in such accounts.

BLACK & GOLD FACILITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment is stated at cost. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that exceed \$1,000 per item, and significantly extend the lives of assets are capitalized. Upon sale or other retirement of depreciable property, the cost and accumulated depreciation are removed from the related accounts, and any gain or loss is reflected in operations. Depreciation of building and improvements is provided using the straight-line method and an estimated useful life of 30 years. Real estate (land) is not subject to depreciation.

Impairment of Long-Lived Assets

The Facilities reviews their rental property for impairment, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. When recovery is reviewed, if the undiscounted cash flows estimated to be generated by the property are less than its carrying amount, management compares the carrying amount of the property to its fair value in order to determine whether an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. No impairment loss has been recognized during the years ended June 30, 2020 and 2019.

Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the bond payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is amortized over the life of the debt.

Operating and Nonoperating Activities

The Statement of Activities reports the change in net assets from the Facilities' operating and nonoperating activities. Operating activities exclude any cash distributions to the University from surplus funds and investment income.

Tax Status

The Facilities' income is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, except for amounts representing unrelated business income.

Uncertain Tax Positions

The Facilities applies authoritative guidance relating to uncertainty in income taxes. This guidance requires entities to assess their tax positions for the likelihood that they would be overturned upon Internal Revenue Service (IRS) examination or upon examination by state taxing authorities. In accordance with this guidance, the Facilities has assessed its tax positions and determined that it does not have any positions at June 30, 2020, that it would be unable to substantiate. Under statute, the Facilities is subject to IRS and state taxing authority review for tax years 2017 through 2019. The Facilities has filed tax returns through 2019.

BLACK & GOLD FACILITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

New Accounting Standards – Yet to be Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (U.S. GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The amendments in this update are effective for annual periods beginning after December 15, 2019. The Facilities expects to adopt the provisions of this standard in 2021. The Facilities is currently evaluating the effect that the provisions of ASU No. 2014-09 will have on the Facilities' financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, (Topic 842), increasing the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The amendments in this update are effective for fiscal years beginning after December 15, 2020. The Facilities is currently evaluating the effect that the provisions of ASU No. 2016-02 will have on the Facilities' financial statements.

Fair Value Measurement

The Facilities follows the FASB guidance related to fair value measurements and disclosures. This guidance provides a framework for measuring fair value and a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities. These inputs include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among markets in which little information is released publicly; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

BLACK & GOLD FACILITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurement – Continued

Level 3 inputs are unobservable inputs for the assets or liabilities.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Subsequent Events

Management has evaluated subsequent events and their potential effects on these financial statements through August 28, 2020.

2. PROPERTY AND EQUIPMENT

Additions or deletions to property and equipment at June 30, 2020 and 2019, are summarized by major classifications as follows:

	<u>June 30, 2019</u>	<u>2020</u> <u>Additions</u>	<u>2020</u> <u>Disposals</u>	<u>2020</u> <u>Transfers</u>	<u>June 30, 2020</u>
Buildings and improvements	\$ 4,177,323	\$ -	\$ -	\$ (4,177,323)	\$ -
Real estate	334,029	-	-	-	334,029
	<u>\$ 4,511,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,177,323)</u>	334,029
Less accumulated depreciation					<u>-</u>
					<u>\$ 334,029</u>
					<u>-</u>
	<u>June 30, 2018</u>	<u>2019</u> <u>Additions</u>	<u>2019</u> <u>Disposals</u>	<u>2019</u> <u>Transfers</u>	<u>June 30, 2019</u>
Buildings and improvements	\$ 4,177,323	\$ -	\$ -	\$ -	\$ 4,177,323
Real estate	334,029	-	-	-	334,029
	<u>\$ 4,511,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	4,511,352
Less accumulated depreciation					<u>1,601,686</u>
					<u>\$ 2,909,666</u>

Depreciation expense totaled \$0 and \$139,248 for the years ended June 30, 2020 and 2019, respectively.

BLACK & GOLD FACILITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

3. CONCENTRATION OF RISK

Investment Risk

The Facilities' investments are managed by the Bond Trustee in accordance with policy. The degree and concentration of credit risks varies by type of investment. Investment securities are exposed to various risks such as interest rates, credit and market risks.

The Facilities' investment portfolio is subject to interest rate and credit risks for certain securities whose valuation would be impacted by changes in interest rates. The portfolio is also subject to the risk where the issuer of a security is not able to pay interest or repay principal when it is due.

The value of securities held by the Facilities may decline in response to certain economic events including those events impacting entities whose securities are owned and included in the investment portfolio. Those events impacting valuation may include (but may not be limited to) economic changes, market fluctuations, regulatory changes, global and political instability, currency, interest rate, and commodity price fluctuations.

4. INVESTMENTS

The funds held by the Bond Trustee consist of 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, and are considered Level 1 investments.

Under the terms of the various Trust Indentures or similar documents, various funds such as debt service, maintenance, principal and interest 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 requirement, maintenance of and flow of money through various restricted accounts, minimum amounts to be maintained in various sinking funds and minimum bond coverage.

There were no investments as of June 30, 2020 as all investments were part of the asset transfer to the University.

BLACK & GOLD FACILITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

4. INVESTMENTS – CONTINUED

Investments as of June 30, 2019, were as follows:

	<u>Reserve Requirement</u>	<u>Reserve Balance</u>
Debt Service Reserve	\$ 405,765	\$ 419,572
Interest Reserve	-	131
Maintenance Reserve	316,377	325,282
Principal Fund	-	125
	<u>\$ 722,142</u>	<u>\$ 745,110</u>

The investment balances at June 30, 2020 and 2019 totaling \$0 and \$745,110, respectively, are being utilized to fund the maintenance and debt service reserve accounts and are being classified as noncurrent assets, as a result of their long-term restricted use.

BLACK & GOLD FACILITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

5. BOND PAYABLE

On October 1, 2006, the Louisiana Public Facilities Authority issued the Louisiana Public Facilities Authority Revenue Bonds Series 2006C Bonds to the Facilities. The proceeds of the bonds were used for the purpose of financing the design, development, equipping, renovation, demolition, reconstruction and/or construction of food services facilities, including a dining hall, meeting rooms and other related facilities and any item related thereto for students, faculty, staff and the public on the campus. The proceeds were also used to fund a debt service reserve fund, pay costs of issuance and capitalized interest and funding a maintenance reserve fund.

The balance of the bond payable at June 30, 2020 and 2019, was as follows:

	2020	2019
\$5,700,000 Louisiana Public Facilities Authority Taxable Revenue Bond, Series 2006C, with interest payable April 1 and October 1 at fixed rates ranging from 5.15% to 5.80%, maturing in April 2038, secured by leasehold deed and assignment of rents, defeased in August 2019	\$ -	\$ 4,540,000
Less current portion	-	140,000
Less unamortized debt issuance costs and discount	-	4,400,000
	-	123,177
Bond payable, net of current portion	\$ -	\$ 4,276,823

Interest expense incurred during the year ended June 30, 2020, was \$17,862 (\$277,155 incurred during the year ended June 30, 2019, which included amortization of debt issuance cost totaling \$5,403 and amortization of bond discount totaling \$2,317).

BLACK & GOLD FACILITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

6. RELATED PARTY TRANSACTIONS

The Facilities entered into an agreement with the University to lease and renovate the food court in the Student Union. Upon completion of the renovation, the Facilities leased the food court back to the University. The lease calls for the University to remit the rent (debt service payments) to the trustee as amounts are due. Total rental income paid to the Facilities by the University for the years ended June 30, 2020 and 2019 totaled \$0 and \$399,357, respectively.

The Facilities received contributed administrative services from the University for the years ended June 30, 2020 and 2019 totaling \$2,790 and \$8,529, respectively.

The Facilities received \$4,627,345 from Grambling State University to defease the Louisiana Public Facilities Authority Taxable Revenue Bonds, Series 2006C. In August 2019, the Facilities transferred the net fixed assets totaling \$2,575,637 and \$708,203 of the trust account recognizing a gain on the transfer of \$1,220,328.

BLACK & GOLD FACILITIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

7. LIQUIDITY

The following reflects the Facilities' financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date:

	<u>2020</u>	<u>2019</u>
Financial assets, at year end	\$ 24,474	\$ 761,827
Less those unavailable for general expenditures within one year, due to contractual restrictions	-	(745,110)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 24,474</u>	<u>\$ 16,717</u>

The Facilities' financial assets consist of cash, investments for debt service reserve fund, principal fund, interest fund, and maintenance reserve fund. The debt service reserve fund can only be used by the Trustee for any shortage in the principal and interest account on a bond payment date. The principal and interest funds are used to pay the scheduled bond payment on its scheduled due date. The maintenance reserve fund can only be used for repairs to the facilities. If proceeds were drawn from accounts, they would need to be replenished within a certain amount of time.

8. FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses for the years ended June 30, 2020 and 2019, were allocated as follows:

	<u>2020</u>	<u>2019</u>
<u>PROGRAM SERVICES</u>		
Depreciation expense	\$ -	\$ 139,248
Interest expense	17,862	277,155
Total Program Services Expenses	17,862	416,403
<u>GENERAL AND ADMINISTRATIVE</u>		
Professional fees	39,890	-
Miscellaneous operating expenses	2,790	8,529
Total General and Administrative Expenses	42,680	8,529
Total Expenses	<u>\$ 60,542</u>	<u>\$ 424,932</u>

SUPPLEMENTARY INFORMATION

BLACK & GOLD FACILITIES, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 24,474	\$ 16,717
ASSETS WHOSE USE IS LIMITED		
Trustee held funds	-	745,110
CAPITAL ASSETS		
Real estate	334,029	334,029
Building and improvements	-	4,177,323
	334,029	4,511,352
Less accumulated depreciation	-	1,601,686
	334,029	2,909,666
Total capital assets	334,029	2,909,666
TOTAL ASSETS	\$ 358,503	\$ 3,671,493
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accrued interest	\$ -	\$ 69,478
Current portion – bond payable	-	140,000
	-	209,478
Total current liabilities	-	209,478
BOND PAYABLE, NET OF CURRENT PORTION AND UNAMORTIZED DISCOUNT	-	4,276,823
NET POSITION		
Net investment in capital assets	334,029	(762,047)
Unrestricted	24,474	(52,761)
	334,029	(814,808)
Total net position	334,029	(814,808)
TOTAL LIABILITIES AND NET POSITION	\$ 358,503	\$ 3,671,493

See notes to the supplementary information.

BLACK & GOLD FACILITIES, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Rental income	\$ -	\$ 399,357
Contributed services	2,790	8,529
Total operating revenues	<u>2,790</u>	<u>407,886</u>
OPERATING EXPENSES		
Depreciation expense	-	139,248
Professional fees	39,890	-
Miscellaneous operating expenses	2,790	8,529
Total operating expenses	<u>42,680</u>	<u>147,777</u>
INCOME (LOSS) FROM OPERATIONS	<u>(39,890)</u>	<u>260,109</u>
NONOPERATING REVENUES (EXPENSES)		
Interest expense	(17,862)	(277,155)
Interest income	10,735	13,783
Gain on transfer of fixed assets	1,220,328	-
Total nonoperating revenues (expenses)	<u>1,213,201</u>	<u>(263,372)</u>
CHANGE IN NET POSITION	1,173,311	(3,263)
NET POSITION AT BEGINNING OF YEAR	<u>(814,808)</u>	<u>(811,545)</u>
NET POSITION AT END OF YEAR	<u>\$ 358,503</u>	<u>\$ (814,808)</u>

See notes to the supplementary information.

OTHER SUPPLEMENTARY INFORMATION

BLACK & GOLD FACILITIES, INC.
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Black & Gold Facilities, Inc. (the Facilities) is a legally separate, tax-exempt organization supporting the University of Louisiana System, specifically Grambling State University (the University). The Facilities are included in the University's financial statements because their assets equaled 3% or more of the assets of the University.

The Black & Gold Facilities, Inc. is a nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, as codified in FASB Accounting Standards Codification (ASC) Topic 958. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features.

2. SCHEDULE OF CAPITAL ASSETS

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Capital assets not being depreciated:					
Real estate	\$ 334,029	\$ -	\$ -	\$ -	\$ 334,029
	<u>334,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,029</u>
Capital assets being depreciated:					
Building and improvements	4,177,323	-	-	(4,177,323)	-
Less accumulated depreciation	<u>1,601,686</u>	<u>-</u>	<u>-</u>	<u>(1,601,686)</u>	<u>-</u>
	<u>2,575,637</u>	<u>-</u>	<u>-</u>	<u>(2,575,637)</u>	<u>-</u>
Total capital assets, net	<u>\$ 2,909,666</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,575,637)</u>	<u>\$ 334,029</u>
	<u>June 30, 2018</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Capital assets not being depreciated:					
Real estate	\$ 334,029	\$ -	\$ -	\$ -	\$ 334,029
	<u>334,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,029</u>
Capital assets being depreciated:					
Building and improvements	4,177,323	-	-	-	4,177,323
Less accumulated depreciation	<u>1,462,438</u>	<u>139,248</u>	<u>-</u>	<u>-</u>	<u>1,601,686</u>
	<u>2,714,885</u>	<u>(139,248)</u>	<u>-</u>	<u>-</u>	<u>2,575,637</u>
Total capital assets, net	<u>\$ 3,048,914</u>	<u>\$ (139,248)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,909,666</u>

BLACK & GOLD FACILITIES, INC.
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2020 AND 2019

3. SCHEDULE OF BOND PAYABLE

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2020</u>	<u>Amounts Due Within One Year</u>
Bond Payable:					
2006C Bond	\$ 4,540,000	\$ -	\$(4,540,000)	\$ -	\$ -
	4,540,000	-	(4,540,000)	-	-
Less unamortized debt issuance costs	(81,021)	-	81,021	-	-
Less unamortized bond discount	(42,156)	-	42,156	-	-
	<u>\$ 4,416,823</u>	<u>\$ -</u>	<u>\$(4,416,823)</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2019</u>	<u>Amounts Due Within One Year</u>
Bond Payable:					
2006C Bond	\$ 4,670,000	\$ -	\$ (130,000)	\$4,540,000	\$ 140,000
	4,670,000	-	(130,000)	4,540,000	140,000
Less unamortized debt issuance costs	(86,424)	-	5,403	(81,021)	-
Less unamortized bond discount	(44,473)	-	2,317	(42,156)	-
	<u>\$ 4,539,103</u>	<u>\$ -</u>	<u>\$ (122,280)</u>	<u>\$4,416,823</u>	<u>\$ 140,000</u>

STATISTICS AND DISCLOSURES

**BLACK & GOLD FACILITIES, INC.
STATISTICS AND DISCLOSURES
JUNE 30, 2020**

Until 2010, the University has honored an “open” admissions policy. In 2010, the University became a selective admissions institution as implemented for all Louisiana system institutions. In 2016, the University was still a selective admission institution as outlined by state guidelines but granted the opportunity to offer one developmental course to students who did not meet the minimum admission standard. Once the institution was 100% selective admission, incoming new students were eligible to enroll if they satisfied the conditional pilot criteria. This pilot program allowed incoming new students that required a developmental course an opportunity to still be admitted, but they must have been within two points of the minimal test score requirement, and they also had to be enrolled in the math or English college level course co-requisite to satisfy the minimal admission standard.

The University’s fall 2019 enrollment totaled 5,232 students, of which approximately 72.6% were full-time undergraduate students.

ENROLLMENT

<u>Fall Semester</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Total</u>	<u>Change Undergraduate</u>	<u>Change Graduate</u>	<u>Change Total</u>
2006	4,584	481	5,065	3.00%	-1.34%	2.48%
2007	4,754	407	5,161	3.71%	-15.38%	1.90%
2008	4,804	449	5,253	1.05%	10.32%	1.78%
2009	4,538	454	4,992	-5.54%	1.11%	-4.97%
2010	4,406	588	4,994	-2.91%	29.52%	0.04%
2011	4,461	746	5,207	1.25%	26.87%	4.27%
2012	4,435	842	5,277	-0.58%	12.87%	1.34%
2013	4,155	916	5,071	-6.31%	8.79%	-3.90%
2014	3,264	387	3,651	-21.44%	-57.75%	-28.00%
2015	3,308	339	3,647	1.35%	-12.40%	-0.11%
2016	3,598	286	3,884	8.77%	-15.63%	6.50%
2017	3,731	317	4,048	3.70%	10.84%	4.22%
2018	3,805	293	4,098	1.98%	-7.57%	1.24%
2019	3,801	278	4,079	-0.11%	-5.12%	-0.46%

**BLACK & GOLD FACILITIES, INC.
STATISTICS AND DISCLOSURES
JUNE 30, 2020**

Housing

Current housing inventory consists of 18 facilities with a mix of traditional dormitory style beds constructed between 1937 and 1969 and suite style beds constructed in 2003. Demand for housing has been high, as evidenced by strong occupancy rates for the past 6 years.

On-Campus Housing Occupancy

Fall Semester	Capacity	Occupancy*	Occupancy Rate
2010	2,500	2,201	88%
2011	2,407	2,320	96%
2012	2,587	2,244	87%
2013	2,584	2,304	89%
2014	2,561	2,382	93%
2015	2,561	1,864	73%
2016	2,581	2,044	79%
2017	2,506	2,216	88%
2018	2,620	2,297	88%
2019	2,776	2,433	88%
Average	2,568	2,231	87%

*Includes occupancy in temporary housing facilities, where occupancy exceeds capacity.

By policy, the University requires all students with less than 60 credit hours, except for students who reside with their parents or legal guardians, to live in the residence halls and purchase a meal plan. However, given the University's need to close halls due to poor conditions to the facilities, a shortage of housing exists, making this policy difficult to enforce while still meeting the demands for housing for upperclassmen students. Furthermore, based on the University's current ratio of first- and second-year students to total housing capacity and its goals to grow enrollment, it is forecasted that the total of the University's first- and second-year students will exceed the availability of beds.

**BLACK & GOLD FACILITIES, INC.
STATISTICS AND DISCLOSURES
JUNE 30, 2020**

Freshman and Sophomore Students vs. Historical Capacity

Fall Semester	Capacity*	Freshman and Sophomore Students	Percentage of Freshman and Sophomore Students to Capacity
2010	2,500	2,303	92%
2011	2,407	1,748	73%
2012	2,587	1,600	62%
2013	2,584	1,514	59%
2014	2,584	1,171	45%
2015	2,561	1,259	49%
2016	2,581	1,507	58%
2017	2,506	1,687	67%
2018	2,620	1,710	65%
2019	2,776	1,768	64%

*Capacity is based on the total number of habitable beds, not the total number of originally constructed beds.

Food Services

The Auxiliary Revenues, which secured the debt service on the Bonds, are currently comprised of the following fees, which the University charges students: (1) the University Portion and (2) the Annex Fee, as each are hereinafter defined. The University has agreed to pay the Auxiliary Revenues to the Trustee until the University has satisfied its obligations under the Facilities Lease.

As identified above, under the sub-heading "Housing", the University requires all students with less than 60 credit hours, except for students who reside with their parents or legal guardians to live in the residence halls and purchase a meal plan. Currently, the rate for each meal plan is \$1,839 per student per semester (the "Board Plan Rate"). Pursuant to the Food Services Facilities Agreement, the Permitted Sublessee is entitled to, and is disbursed, the Board Plan Rate, but has no claim to and no interest in the University Portion. In Fiscal Year 2020, the University Portion resulted in revenues for the University in the amount of \$4,538,994.

Additionally, beginning in the fall semester of 2007, the University began charging and collecting a student annex fee in the amount of \$22.00 per semester and \$11.00 per summer session (collectively, the "Annex Fee") from all enrolled students taking at least six credit hours. This self-assessed annex fee was passed by the students and generated \$243,056 for the year ended June 30, 2020.

**BLACK & GOLD FACILITIES, INC.
STATISTICS AND DISCLOSURES
JUNE 30, 2020**

Debt Service Coverage Ratio – Series 2006 Bonds

The schedule below represents the debt service coverage ratio for Black & Gold Facilities, Inc.'s Series 2006 Revenue Bonds:

**Black & Gold Facilities, Inc.
Calculation of Debt Service Ratio**

The schedule below represents the debt service ratio calculation for Black & Gold Facilities, Inc. for the year ended June 30, 2020, based on the definitions per the bond covenants.

	Series 2006C 2020
(1) Food Plan Revenues	\$ 4,538,994
(1) Annex Fee Revenues	243,056
	<hr/>
Net Auxiliary Revenues	\$ 4,782,050
	<hr/> <hr/>
(2) Annual Debt Service at Beginning of the Year	\$ 419,572
	<hr/> <hr/>
(3) Debt Service Calculation (Total Revenues / Annual Debt Service)	11.40

NOTE:

(1) Food plan and Annex fee revenues are assessed, collected and maintained by the University. The University remitted amounts required to service debt annually to Black & Gold Facilities, Inc. in 2019 but debt was defeased in fiscal year 2020.

There are no expenses, as the only expenses to be included would be deducted per bond document (interest & amortization costs). The Food Court is leased back to the University, who leases party food vendors. The University is responsible for all expenses pertaining to the Food Court.

(2) Annual debt service is obtained from the 2006C amortization schedule.

(3) In addition to the debt service calculation, Black & Gold Facilities, Inc. has deposited, with the Trustee, \$0 in a debt service reserve account at June 30, 2020.