JACKSON STATE UNIVERSITY
DEVELOPMENT FOUNDATION, INC.
AND SUBSIDIARIES

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2014
(With Summarized Financial Information for 2013)

JACKSON STATE UNIVERSITY DEVELOPMENT FOUNDATION, INC.,
AND SUBSIDIARIES
June 30, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Jackson State University
Development Foundation, Inc.
Jackson, Mississippi

We have audited the accompanying consolidated statement of financial position of Jackson State University Development Foundation, Inc. (a Mississippi corporation, not-for-profit) and its subsidiaries as of June 30, 2014 and the related consolidated statements of activities, 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of University Park of Jackson II, LLC, UPJ II, a wholly owned subsidiary, which statements reflect total assets of $24,779,846 as of June 30, 2014, and rent revenues $1,130,970 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for UPJ II, is based solely on the report of the other auditors. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s 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 auditor considers 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Jackson State University Development Foundation, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Report on Summarized Comparative Information

We have previously audited the Jackson State University Development Foundation, Inc.'s 2013 financial statements, and expressed audit unmodified opinion on those audited financial statements in our report dated December 13, 2013, . In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Ridgeland, Mississippi
May 13, 2015

EXHIBIT I

JACKSON STATE UNIVERSITY DEVELOPMENT FOUNDATION, INC.
Statement of Financial Position
June 30, 2014
(With Summarized Financial Information for 2013)

ASSETS	2014	2013
Cash and cash equivalents (Note 2.G and 7)	$ 1,763,993	$ 1,666,108
Restricted cash and cash equivalents (Note 10)	147,510	195,107
Investments (Note 8)		
U.S. Savings Bonds	23,227	22,792
Certificate of deposits	130,659	130,088
Marketable securities (Note 7.B)	14,473,789	12,373,483
Accounts receivable	142,181	165,669
Loans receivable (Note 11)	4,502,400	4,515,733
Unconditional promises to give, net (Note 3)	5,641,724	4,404,310
Deferred financing costs (Note 2.K)	1,535,408	1,591,486
Other assets	5,592	3,792
Property and Equipment (Net of accumulated depreciation)		
Land (Note 25)	1,896,296	1,875,546
Building/facility	18,786,519	18,786,519
Improvements	288,400	288,400
Historical books and periodicals	808,020	808,020
Office equipment at cost	1,170,452	74,140
Accumulated depreciation	(2,101,558)	(1,351,512)
Construction in progress (Note 26)	3,715,542	532,319
TOTAL ASSETS	$ 52,930,154	$ 46,082,000
LIABILITIES		
Accounts payable and other liabilities (Note 28)	$ 1,659,046	$ 1,118,459
Accrued interest payable	257,410	227,568
Funds held in trust (Note 23)	9,081	9,081
Line of credit payable (Note 13)	3,952,970	1,005,760
Notes payable (Note 12)	20,564,197	20,564,197
TOTAL LIABILITIES	26,442,704	22,925,065
NET ASSETS		
Unrestricted	7,788,764	7,989,235
Temporarily restricted	3,572,165	2,239,258
Permanently restricted	15,126,521	12,928,442
TOTAL NET ASSETS	26,487,450	23,156,935
TOTAL LIABILITIES AND NET ASSETS	$ 52,930,154	$ 46,082,000

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

EXHIBIT II

JACKSON STATE UNIVERSITY DEVELOPMENT FOUNDATION, INC.
Statement of Activities
For the Year Ended June 30, 2014
(With Summarized Financial Information for 2013)

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Permanently Restricted	2014	2013
Contributions	$ 288,255	$ 2,503,824	$ 984,071	$ 3,776,150	$ 3,107,743
Interest and dividend income	46,897	-	263,711	310,608	339,717
Realized gain (loss) on sale of Investments	-	-	358,263	358,263	534,512
Rent revenue	1,130,970	-	-	1,130,970	1,138,941
Other revenue	223,847	695,821	4,170	923,838	952,534
Unrealized gain (loss) on investments	-	-	1,370,093	1,370,093	(35,169)
Net assets released from restrictions:					
Satisfaction of program restrictions	2,218,474	(1,994,259)	(224,215)	-	-
TOTAL SUPPORT AND REVENUE	3,908,443	1,205,386	2,756,093	7,869,922	6,038,278
EXPENSES					
Supporting Services:					
Institutional support	1,015,448	-	-	1,015,448	1,223,321
Scholarship	454,297	-	-	454,297	648,365
Athletic support	274,387	-	-	274,387	202,463
Academic support	28,178	-	-	28,178	46,612
Operating expenses	592,663	-	-	592,663	576,615
General and administrative	1,516,293	-	-	1,516,293	1,868,528
Interest expense	776,772	-	-	776,772	790,195
Depreciation and amortization	658,447	-	-	658,447	586,391
TOTAL EXPENSES	5,316,485	-	-	5,316,485	5,942,490
Changes in Net Assets	(1,408,042)	1,205,386	2,756,093	2,553,437	95,788
Net Assets, Beginning of year as previously reported	7,989,235	2,239,258	12,928,442	23,156,935	23,096,335
Prior period adjustment	1,207,571	-	-	1,207,571	(121,038)
Net Assets, Beginning of year as restated	9,196,806	2,239,258	12,928,442	24,364,506	22,975,297
Other changes in net assets					
Transfer In (out)	-	127,521	(558,014)	(430,493)	85,850
Total other changes in net assets	-	127,521	(558,014)	(430,493)	85,850
NET ASSETS END OF YEAR	$ 7,788,764	$ 3,572,165	$ 15,126,521	$ 26,487,450	$ 23,156,935

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

EXHIBIT III

JACKSON STATE UNIVERSITY DEVELOPMENT FOUNDATION, INC.
Statement of Cash Flows
For the Year Ended June 30, 2014
(With Summarized Financial Information for 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,553,437	$ 95,788
Adjustment to reconcile increase or decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	602,369	530,314
Amortization expense	56,078	56,077
Unrealized gain or (loss) on investments	1,370,093	(35,169)
Straight-line rent receivable	(11,920)	(22,112)
Prior period adjustment	1,207,571	(121,038)
(Increase) decrease in operating assets:		
Accounts receivable	23,715	331,039
Unconditional promise to give	(1,237,644)	3,813
Notes receivable	13,333	1,426
Due from other funds	-	2,495,426
Due from component unit	(3,179,046)	(260,391)
Other assets	(1,800)	-
Inventory	-	226
Increase (decrease) in operating liabilities:		
Accounts payable and scholarships payable	533,056	513,195
Accrued interest payable	29,843	40,784
Due to other funds	7,199,436	(2,266,515)
Net cash (used in) operating activities	9,158,521	1,362,863
Cash flows from investing activities		
Proceeds from sale of investment securities	745,000	739,249
Interest and dividend income	310,608	339,717
Acquisition of land and construction in progress	(3,616,827)	(17,794)
Purchase of investment securities	(4,532,541)	(1,888,512)
Receipts from restricted cash and cash equivalents	47,597	31,167
Other investing activities	(4,967,443)	-
Net cash provided by (used in) investing activities	(12,013,606)	(796,173)
Net cash provided by (used in) financing activities		
Proceeds from bank-line of credit	2,952,970	-
Net cash provided by (used in) financing activities	2,952,970	-
Net increase (decrease) in cash and cash equivalents	97,885	566,690
Cash and cash equivalents at July 1	1,666,108	1,099,418
Cash and cash equivalents at June 30	$ 1,763,993	$ 1,666,108
Supplemental Disclosure of non-cash transactions		
Reduction in interfund receivable and payable for development cost	$ 532,319	$ -
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 776,772	$ 790,195

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

NOTE 1 - ORGANIZATION'S HISTORY AND OPERATING STRUCTURE

A. REPORTING ORGANIZATION

The Jackson State University Development Foundation, Inc., (the Foundation) was incorporated February 5, 1969. This corporation was established to act as an association for the establishment of college scholarships on a long term payment plan within the provisions of House Bill 1335, Laws of 1968, and related statutes.

Missions and objectives are to operate exclusively for educational and scientific purposes, all for the public welfare, and to this end to promote, encourage, and assist all forms of education and research at Jackson State University.

In evaluating the Foundation as a reporting organization, management has addressed potential component units for which the Foundation may or may not be financially accountable and as such, be includible within the Foundation's financial statements. The component unit discussed below is included because of the significance of its operational or financial relationship with the Foundation.

B. COMMUNITY DEVELOPMENT INVOLVEMENT

1. Land Acquisitions

As part of the community development project sponsored by the Foundation, it has acquired land parcels east of the JSU campus from private sellers, the City of Jackson, and the Jackson Redevelopment Authority. The land assembly permits the Foundation through a wholly-owned affiliate, University Park of Jackson II, LLC (UPJ II), to develop a building at the corner of Dalton and Lynch Streets across the street from the JSU Student Center. The land for which these funds have been expended by UPJ II is held by UPJ II and pledged as collateral for certain loans to UPJ II, as described more fully in Note 25.

2. Construction Projects

The Foundation, consistent with its mission to support JSU, decided in 2006 and 2007 to fund the development of a major renewal of the neighborhood of West Jackson, an area running generally between the JSU campus east to the railroad tracks west of downtown Jackson. This redevelopment effort seeks to upgrade the entire campus area to broaden the University's appeal to students, faculty and staff, as the University grows to serve a larger number of state and out-of-state students. The first phase of the redevelopment is a mixed-use building on Lynch Street consisting of 78 apartments and 22,000 square feet of ground-floor retail space with surface parking on the adjoining land. Subsequent phases will include for-sale housing and additional mixed-use facilities. UPJ II (see Note 1 C.3), a wholly-owned affiliate of the Foundation, is the development entity responsible for the mixed-use building. Other entities that will be affiliates of the Foundation will have responsibility for the subsequent phases of the overall project.

2. Construction Projects (Continued)

UPJ II arranged for the financing of the initial phase under a federal program called New Markets Tax Credits (NMTCs). The primary parties to this financing include Trustmark Bank of Jackson, MS which made a loan for the benefit of the project and bought the federal and state tax credits related to the project; the local Initiatives Support Corporation/National Equity Fund, a national nonprofit organization that specializes in community development activities; and Hampton Roads Ventures, which also is active in community development projects. The loan amounts, capital costs, cash balances and other amounts shown in this financial report for the Foundation are in substantial part the assets, loans and related financing and costs of UPJ II. The closing on the NMTC financing occurred on June 8, 2008.

The Foundation has made loans directly to UPJ II to permit it to pay predevelopment costs and meet other obligations. Some of these funds will be repaid by UPJ II over the course of the development of the mixed-use building. The amounts of these loans are included in the financial statements of the Foundation.

C. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Jackson State University Development, Foundation Holdings, LLC, and University Park of Jackson II, LLC (collectively, the Foundation). All significant intercompany transactions have been eliminated upon consolidation.

The following is a summary of the subsidiaries:

1. Jackson State University Development Foundation Holdings, LLC was formed in May 2006. The LLC is a wholly owned subsidiary of the Foundation. The LLC serves as the entity to title all land acquisitions or other assets acquired by the Foundation.

2. University Park of Jackson I, LLC was formed in June 2007. The LLC is a Wholly owned subsidiary of the Foundation. The LLC will serve as a project containing approximately 75 rental housing units for JSU junior faculty and graduate students.

3. University Park of Jackson II, LLC was formed in September 2007 . The LLC is a wholly owned subsidiary of the Foundation. The LLC will serve as a mixed use project containing approximately 75 rental housing units for JSU junior faculty and graduate students, approximately 25,000 square feet of new retail and office space and approximately 200 parking spaces at the corner of Dalton and Lynch street across from the new Student Center.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

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

B. Financial Statement Presentation

The Foundation is required 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.

1. ***Unrestricted*****:** Net assets that are not restricted by donors or the donor-imposed restrictions have expired. Member's net income or deficit of the subsidiaries are included in unrestricted net assets of the Foundation.

2. ***Temporarily Restricted:*** Net assets that contain donor-imposed restrictions that permit the Foundation to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the Foundation.

3. ***Permanently Restricted:*** Net assets that contain donor-imposed restrictions that stipulate that resources be maintained permanently but permit the Foundation to use or expend part or all of the income derived from the donated assets for specified or unspecified purposes. Permanently restricted net assets consist of funds restricted for scholarships.

C. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. 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.

E. Promises to Give

Unconditional promises to give, less an allowance for Uncollectible amounts, are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

F. Deferred Revenue

Revenue received for future benefit is deferred and recognized in the periods to which it relates.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all unrestricted highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

H. Property and Equipment

It is the Foundation's policy to capitalize property and equipment over $500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and Equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

I. Income Taxes

Jackson State University Development Foundation, Inc. is a nonprofit organization that is exempt from income tax under Section 501(c)3 of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. However, University Park of Jackson II is a for profit entity and a wholly owned subsidiary of the Foundation whose financial activities are consolidated with those of the Foundation. As such, the Foundation maybe subject to federal income tax from income earned by University Park of Jackson II.

The Foundation accounts for income taxes in accordance with income tax accounting guidance in FASB ASC Topic 740, "Income Taxes." On July 1, 2010, the Foundation adopted the recent accounting guidance for recognizing and measuring uncertain tax positions. The Foundation follows the statutory requirements for its income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deem to be unrelated to the Foundation's tax-exempt status would not have a material effect on the Foundation's consolidated financial statements.

J. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

K. Deferred Financing Costs

Deferred financing costs consists of costs to obtain long-term borrowings and are reflected in the accompanying consolidated Statement of Financial Position net of accumulated amortization of $214,051 as of June 30, 2014. Amortization of loan acquisition costs is provided on a straight-line basis over the forty (40) year life of the loan agreement beginning July 1, 2008. Amortization of loan acquisition amounted to $42,998 during 2014 and is included in noncurrent assets, net within capitalized interest costs in the accompanying Statement of Financial Position.

L. Construction in Progress

Construction in progress is stated at cost and consists of costs incurred to construct the facility. Interest costs attributable to construction of the facility are capitalized and totaled $194,831 as of June 30, 2014.

M. Asset Impairments

The Foundation evaluates its property and related long-lived assets for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of an asset group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2014, are as follows:

Promises to give expected to be collected in:	
Less than one year	$ 2,992,908
One to five years	2,210,460
More than five years	1,704,043
	6,907,411
Less: Allowance for uncollectible promises to give	(1,265,687)
Net unconditional promises to give	$ 5,641,724

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2014, the Foundation has an outstanding accounts receivable due from its former Executive Director in the amount of $15,346. This outstanding receivable resulted from personal charges made by the former Executive Director to the Foundation's credit card. These personal charges were uncovered by the Foundation's personnel and agreed upon procedures performed by an independent accounting firm.

NOTE 5 - 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 benefited.

NOTE 6 - FAIR VALUES OF FINANCIAL INSTRUMENTS

The Foundation's financial instruments, none of which are held for trading purposes, include cash and cash equivalents and unconditional promises to give. The Foundation estimates that the fair value of all financial instruments at June 30, 2014, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

The estimated fair value amounts have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and cash equivalents and the portion of unconditional promises to give receivable in less than one year approximate fair values because of the short maturities of those instruments. The fair value of unconditional promises to give receivable in more than one year is estimated by discounting the future cash flows using a risk-free rate of return.

NOTE 7 - CASH AND CASH EQUIVALENTS

The cash and cash equivalents consisted of the following at year end:

Type of Account	Interest Rate	Balance at June 30, 2014	Balance at June 30, 2013
Jackson State University Development Foundation:			
Checking Account	Variable	$ 1,625,726	$ 1,580,514
Total JSU Development Foundation		1,625,726	1,580,514
Subsidiaries:			
Checking Account	Variable	138,267	85,594
Money Market Accounts - Trustmark	Variable	147,510	195,107
Total Subsidiaries		285,777	280,701
TOTAL		$ 1,911,503	$ 1,861,215

NOTE 8 - INVESTMENTS

Investments are recorded at market value. The historical cost and market value at June 30, 2014 were as follows:

A. Savings Bonds

The carrying amount for marketable securities consisted of the following:

Bond Type	Number of Bonds Held	Issue Price	Issue Price of Bond	Face Value of Bond	Face Value at Maturity
Series E	32	$ 12.50	$ 837	$ 25	$ 800
Series EE	94	25.00	2,350	50	4,700
Series EE	1	37.50	38	75	75
Series EE	6	50.00	300	100	600
Series EE	12	100.00	1,200	200	2,400
Series EE	2	250.00	500	500	1,000
Series EE	1	500.00	500	1,000	1,000
TOTALS	148		$ 5,725		$ 10,575

The fair market value of the savings bonds was $23,227 at June 30, 2014.

The issue dates of the bonds range from February 11, 1974 to June 30, 1996 and matures five (5) years from the issue date.

B. Marketable Equity Securities and Certificate of Deposits

Type of Fund	Fair Value June 30, 2013	Fair Value June 30, 2012
Marketable Equity Securities		
Merrill Lynch-EMA Accounts	$ 12,736,278	$ 10,825,624
Wachovia Bank - Robert Branson Trust	314,833	292,855
Bankplus Large Growth fund	714,788	615,204
Bankplus Small Growth fund	707,890	639,800
Total Marketable Equity Securities	14,473,789	12,373,483
Certificate of Deposits		
First American Bank-Certificate of Deposit	130,659	130,088
TOTAL	$ 14,604,448	$ 12,503,571

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2014.

	Unrestricted	Restricted	Total
Interest and dividend income	$ 46,897	$ 263,711	$ 310,608
Realized gain (loss) on investments	-	358,263	358,263
Unrealized gain (loss) on investments	-	1,370,093	1,370,093
Total Investment Return	$ 46,897	$ 1,992,067	$ 2,038,964

C. Investment in University Park of Jackson II, LLC

During the fiscal year period of July 1, 2010 - June 30, 2011, the Foundation had made various loans that aided in the construction of the University Park of Jackson II, LLC project UPJ II). Of the loans that were given, $769,077 was converted to member's equity and as an investment into the University Park of Jackson II, LLC project. At June 30, 2014, the amount invested in the project remains at $769,077. Because this investment is accounted for under the equity method, this investment balance has been eliminated in the consolidated financial statements with an offset against the equity balance in the subsidiary (UPJ II).

NOTE 9 - FAIR VALUE MEASUREMENTS

The Foundation has adopted Financial Accounting Standards Board *Accounting Standards Codification* (ASC 820) (formerly Statement on Financial Accounting Standards No. 157, *Fair Value Measurements (FAS 157))*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosure about fair value measurements. FASB ASC 820 has been applied prospectively as of the beginning of the year.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 - Observable inputs other than level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the fill term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Category within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Following is a description of the valuation methodologies used to measure fair value. There have been no changes in the methodologies used at June 30, 2014.

Cash and cash equivalents and money market accounts*:* The carrying amount is a reasonable estimate of fair value.

Contributions receivable: For contributions receivable that are due within one year, carrying amount is a reasonable estimate of fair value. For contributions receivable that are due in more than one year, fair value is estimated at the present value of estimated future cash flows, using a discount rate reflective of current interest rates.

Deposits held at the University: Valued at the amount that could be collected upon demand at the reporting date.

Equity securities: Valued at the closing price reported on the active markets on which the individual securities are traded.

Mutual funds: Valued at the net asset value of shares held by the Foundation at year end.

Accounts payable and accrued liabilities*:* The carrying amount is a reasonable estimate of fair value.

Revenue bonds payable: rates currently available to the Foundation for debt with similar terms and remaining maturities are used to estimate the fair value of these liabilities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within FASB ASC 820 fair value hierarchy in which the fair value measurements fall at June 30, 2014.

Foundation Investments:	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Domestic mutual funds	$ 6,753,515	6,753,515	-	$ -
International mutual funds	26,740	26,740	-	-
ETF large cap	147,422	147,422	-	-
Large-cap mutual funds	565,354	565,354	-	-
Small cap-mutual funds	706,867	706,867	-	-
Certificate of deposits	130,659	130,659	-	-
Money market funds	299,451	299,451	-	-
Total Equity Securities	8,630,008	8,630,008	-	-
Fixed Income Securities:				
Domestic mutual funds	4,945,288	4,945,288	-	-
International mutual funds	961,779	961,779	-	-
U. S. Savings bonds	23,227	23,227	-	-
Total Fixed Income Securities	5,930,294	5,930,294	-	-
Other investments:				
Real assets fund	31,588	31,588	-	-
Complementary strategies	35,785	35,785	-	-
Total Other Investments	67,373	67,373	-	-
Total Assets Recognized at Fair Value	$ 14,627,675	$ 14,627,675	$ -	$ -

The following financial instruments are recognized on the consolidated statement of financial position using measures other than fair value. The estimated fair value for those assets and liabilities are disclosed as of December 31, 2014 and 2013, as follows:

	2014		2013	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets:				
Cash and cash equivalents	$ 1,763,993	$ 1,763,993	$ 1,666,108	$ 1,666,108
Restricted cash and cash equivalents	147,510	147,510	195,107	195,107
Certificates of deposit	130,659	130,659	130,088	130,088
Accounts receivable	142,181	142,181	165,669	165,669
Grants and pledges receivable	5,641,724	5,641,724	4,404,310	4,404,310
Liabilities:				
Accounts payable and accrued liabilities	1,925,537	1,925,537	1,355,108	1,355,108
Notes payable	20,564,197	20,564,197	20,564,197	20,564,197

NOTE 10 - RESTRICTED CASH AND CASH EQUIVALENTS

Under the terms of the Subsidiaries of the Foundation's trust indenture and related agreements, the Foundation is required to establish certain reserve accounts and deposit these funds in cash accounts maintained by the Trustee for future losses and certain other purposes. Loan proceeds provided the initial funding of the reserves. The funds are limited as to their use to pay construction cost incurred in connection with the specific projects for which the loans were made.

The various funds held by the Trustee at June 30, 2014, and June 30, 2013 consisted primarily of investments in money market accounts, which have been recorded at cost, which approximates their fair value, plus accrued interest, respectively as follows:

Purpose	2014 Amount	2013 Amount
Restricted cash and cash equivalents	$ 147,510	$ 195,107
	$ 147,510	$ 195,107

NOTE 11 - LOANS RECEIVABLE

At June 30, 2014, loans receivable consisted on the following:

	Outstanding Balance
On April 28, 2010 the Foundation executed a promissory note in the amount of $4,502,400 loan with TC-JSU QEI II, LLC (a Delaware limited liability company) bearing a fixed interest rate of 1.00% for the purpose of providing financing for the University Park of Jackson, II, LLC, a Mississippi limited liability company. Interest shall be payable, in arrears, under the agreement on the last day of each calendar month starting April 30, 2010 and monthly thereafter. All principal and accrued and unpaid interest shall be due and payable on April 29, 2050 (the "maturity date"), unless paid sooner. Simple, non-compounding interest shall be calculated based upon a 30-day calendar month and a 360-day year.	$ 4,502,400
	$ 4,502,400

NOTE 12 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2014:

Class of Property and Equipment	Cost
Land	$ 1,896,296
Building/facility	18,786,519
Improvements	288,400
Historical books and periodicals	808,020
Office equipment	1,170,452
Construction in progress	3,715,542
	26,665,229
Less: Accumulated depreciation	(2,101,558)
Net property and equipment	$ 24,563,671

Depreciation expense for the year ended June 30, 2014 totaled $750,046 for all depreciable fixed assets.

NOTE 13 - NOTES PAYABLE

At June 30, 2014 notes payable consisted of the following:

Mississippi Ventures, LLC Loan "A"	
On June 6, 2008, University Park of Jackson II, LLC executed a promissory note A, with Mississippi Ventures, LLC (a Mississippi limited liability company) in the amount of $4,401,600 with an interest rate of 6.5%; maturing May 31 2048. The loan is secure by a first deed of trust, security agreement, fixture filing and a second deed of trust. The note requires interest only payments beginning June 20, 2008 through June 20, 2015. The note further requires the payment of principal and interest in the monthly amount of $27,293 beginning July 2015 through May 31, 2048. The note matures on May 31, 2048 at which time all outstanding principal and interest on the note are due and payable.	$ 4,401,600
Mississippi Ventures, LLC Loan "B"	
On June 6, 2008, University Park of Jackson II, LLC executed a promissory note B, with Mississippi Ventures, LLC (a Mississippi limited liability company) in the amount of $2,388,400 with an interest rate of 2.55%; maturing May 31, 2048. The loan is secure by a first deed of trust, security agreement, fixture filing and a second deed of trust. The note requires interest only payments beginning June 20, 2008 through June 20, 2015. The note further requires the payment of principal and interest in the monthly amount of $8,972 beginning July 2015 through May 31, 2048. The note matures on May 31, 2048 at which time all outstanding principal and interest on the note are due and payable.	2,388,400
An additional promissory note pursuant to the above loan agreement was entered into on February 15, 2011. The amount of the note was $291,329. The note is non-interest bearing and matures on May 31, 2048.	291,329
NMI Loan "C"	
On June 9, 2008, University Park of Jackson II, LLC executed a promissory noted A, with New Markets Investment 39, LLC (a Delaware limited liability company) in the amount of $7,532,868 with an interest rate of 4.40%; maturing May 31, 2048. The loan is secure by a first deed of trust, security agreement, fixture filing and a second deed of trust in the amount of $5,030,400. The note requires interest only payments beginning June 20, 2008 through June 20, 2015. The note further requires the payment of principal and interest in the monthly amount of $36,372 beginning July 2015 through May 31, 2048. The note matures on May 31, 2048 at which time all outstanding principal and interest on the loan are due and payable.	7,532,868
An additional promissory note pursuant to the above loan agreement was entered into on February 14, 2011. The amount of the note was $400,000. The note is non-interest bearing and matures on May 31, 2048.	400,000
Construction Debt Subtotal	15,014,197

MBFC Loan "D"	
On April 28, 2010, University Park of Jackson II, LLC executed a promissory note, with MBFC Sub-CDE II, LLC in the amount of $4,502,400 for the purpose of providing financing on the Facility. The funds used to originate the term loan were obtained by Sub-CDE II, LLC from a borrowing from the Foundation. The loan bears interest at a rate of 1.6017%. The loan is secure by a subordinated deed of trust, security agreement and fixture filing covering the facility. The loan further requires the payment of principal and interest in the monthly amount of $14,181, beginning May 2017 through April 29, 2050. The note matures on April 29, 2050 at which time all outstanding principal and interest on the loan are due and payable.	4,502,400
MBFC Loan "E"	
On April 28, 2010, University Park of Jackson II, LLC executed a promissory note, with MBFC Sub-CDE II, LLC in the amount of $1,047,600 for the purpose of providing financing on the Facility. The loan bears interest at a rate of 1.6017% and is secured by a subordinated deed of trust, security agreement and fixture filing covering the facility. The loan requires interest only payments beginning May 20, 2010 through April 20, 2017. The loan further requires the payment of principal and interest in monthly amount of $3,872 beginning May 2017 through April 29, 2050. The note matures on April 29, 2025 at which time all outstanding principal and interest on the loan are due and payable.	1,047,600
Total Construction Debt	$20,564,197

Maturities of notes payable for the years subsequent to June 30, 2014, are as follows:

Year Ended	Amount
2015	$ -
2016	187,539
2017	217,354
2018	333,993
2019	345,439
Thereafter	19,479,872
	$ 20,564,197

NOTE 14 - BANK LINE-OF-CREDIT

A. Line of Credit - Merrill Lynch

The Foundation has available a secured revolving line-of-credit agreement dated June 1, 2009 with Merrill Lynch in which it may borrow up to $2,000,000. Borrowing under the line bears a variable interest rate. At June 30, 2014, the outstanding amount on the line-of-credit is $1,337,411 of which $257,411 is accrued interest. The line-of-credit is secured by certain investment accounts held by Merrill Lynch in the name of the Foundation.

NOTE 14 - BANK LINE-OF-CREDIT (Continued)

B. Line of Credit - BankPlus

The Foundation has available an unsecured revolving line-of-credit agreement dated October 16, 2013 with BankPlus in which it may borrow up to $3,000,000. Borrowing under the line bears a variable interest rate. The line of credit has a maturity date of October 16, 2014. At June 30, 2014, the outstanding amount on the line-of-credit is $2,952,970.

NOTE 15 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors during 2014.

Purpose restrictions accomplished:

Institutional support	$ 1,015,448
General scholarships	454,297
Athletic support	274,387
Academic support	28,178
General and administrative	1,516,293
	$ 3,288,603

NOTE 16 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2014:

Provide scholarship assistance and other supporting services	$3,572,165

NOTE 17 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are to provide a permanent endowment, with investment income restricted for scholarship and other supporting services purposes.

$15,126,521

NOTE 18 - RELATED PARTY TRANSACTIONS

A. The Foundation

The Foundation makes certain purchases through the University and the University provides certain services to the Foundation. The Foundation's management believes that the purchases made and services received were at prices and terms comparable to those that would be obtained in similar transactions with related parties. Substantially all amounts due for such transactions were paid to the University prior to June 30, 2014 and 2013. Purchases and services between the Foundation and the University were not material in fiscal years 2014 and 2013.

NOTE 19 - CONCENTRATIONS OF CREDIT DUE TO TEMPORARY CASH INVESTMENTS AND PROMISES TO GIVE RECEIVABLE

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of temporary cash investments and promises to give receivable. The Foundation places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to promises receivable are limited due to the large number of contributors comprising the Foundation's contributor base and their dispersion across different industries and geographic areas. As of June 30, 2014, the Foundation had no significant concentrations of credit risk related to promises to give receivable, however, the Foundation has some credit risk exposure as it relates to cash and temporary cash investments as disclosed in note 6.

NOTE 20 - CONCENTRATIONS OF CREDIT ARISING FROM BANK DEPOSITS

The Foundation maintains cash balances at several financial institutions located in Jackson, Mississippi. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2014, the Foundation's uninsured cash balances total $1,385,548.

NOTE 21 - COMMITMENT AND CONTINGENCIES

The Foundation is the beneficiary of several life insurance policies. The proceeds from such policies are to be paid to the Foundation from the estate of the donor upon his/her death.

NOTE 22 - COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013 from which the summarized information was derived.

NOTE 23 - DONATED LAND, AT APPRAISED FAIR VALUE

Land was donated to the Foundation during fiscal 2008, and has been recorded at its appraised fair value of $54,670.

NOTE 24 - FUNDS HELD IN TRUST

Funds in the amount of $9,081 is held in trust in a cash bank accounts for contributions collected from various donors in support of Tsunami disaster relief and other projects.

NOTE 25 - LAND ACQUISITIONS AND DONATIONS

Land acquisitions and donated land acquired by Jackson State University Development Foundation, Inc. and its Subsidiaries are as follows:

	Balance at 07/01/13	Additions	Adjustments	Balance at 06/30/14
Land and land options	$ 1,820,876	$ 20,750	$ -	$ 1,841,626
Donated land	54,670	-	-	54,670
	$ 1,875,546	$ 20,750	$ -	$ 1,896,296

The land was acquired in order to facilitate the construction of approximately 75 rental housing units for JSU junior faculty and graduates students under the University Park of Jackson I, LLC and to construct the mixed use project containing 75 rental housing units for JSU junior faculty and graduates students under the University Park of Jackson, II, LLC Project.

NOTE 26 - CONSTRUCTION IN PROGRESS

A. Construction and Commitments

As of June 30, 2014 the following projects were under construction:

Name of Project	Estimated Cost of Project	Cost Incurred as of 07/01/13	Current Year Additions	Cumulative Cost as of 06/30/14	Estimated Cost to Complete
University Park of Jackson I, LLC	$ 3,715,542	$ -	$ 3,715,542	$ 3,715,542	$ -
Total	$ 3,715,542	$ -	$ 3,715,542	$ 3,715,542	$ -

NOTE 27 - AFFILIATED ORGANIZATIONS

The consolidated financial statements of Jackson State University Development Foundation, Inc. (the Foundation) include the accounts of four (4) affiliated organizations, Jackson State University Development Foundation, Inc. (a financially interrelated nonprofit entity), the Foundation Holdings, LLC (a controlled financial for-profit entity) University Park of Jackson I, LLC (a controlled financial for-profit entity) and University Park of Jackson II, LLC (a controlled financial for-profit entity) referred to as affiliated organizations.

All significant interorganization balances and transactions have been eliminated.

Details of the Foundation's financial position at June 30, 2014 and Jackson State University Foundation, LLC's financial position at June 30, 2014, before elimination of interorganization transactions, are as follows:

		SUBSIDIARIES			
ASSETS	JSU Development Foundation	University Park of Jackson I, LLC	University Park of Jackson II, LLC	Subsidiaries Total	Total
Cash and cash equivalents (Note 2.G & 6)	$ 1,622,672	$ 3,054	$ 138,267	$ 141,321	$ 1,763,993
Restricted cash and cash equivalents	-	-	147,510	147,510	147,510
Investments (Note 7)					
U.S. Savings Bonds	23,227	-	-	-	23,227
Certificate of deposits	130,659	-	-	-	130,659
Marketable securities	14,473,789	-	-	-	14,473,789
University Park of Jackson II Project	769,077	-	-	-	769,077
Due from component unit	5,463,547	-	-	-	5,463,547
Accounts receivable	43,017	-	99,164	99,164	142,181
Loans receivable (Note 8)	4,502,400	-	-	-	4,502,400
Unconditional promises to give, net (Note 3)	5,641,724	-	-	-	5,641,724
Deferred financing costs (Note 2.K)	-	-	1,535,408	1,535,408	1,535,408
Other assets	-	-	5,592	5,592	5,592
Property and Equipment:					
Land (Note 24)	27,750	-	1,868,546	1,868,546	1,896,296
Building/facility	-	-	18,786,519	18,786,519	18,786,519
Improvements	-	-	288,400	288,400	288,400
Historical books and periodicals	808,020	-	-	-	808,020
Office equipment at cost	1,170,452	-	-	-	1,170,452
Construction in progress (Note 25)	-	3,715,542	-	3,715,542	3,715,542
Less: Accumulated depreciation	(293,402)	-	(1,808,156)	(1,808,156)	(2,101,558)
TOTAL ASSETS	$ 34,382,932	$ 3,718,596	$ 21,061,250	$ 24,779,846	$ 59,162,778
LIABILITIES					
Accounts payable and other liabilities	$ 1,043,315	$ 249,747	$ 365,984	$ 615,731	$ 1,659,046
Accrued interest payable	257,410	-	-	-	257,410
Due to other funds	-	3,468,849	1,994,699	5,463,548	5,463,548
Funds held in trust (Note 23)	9,081	-	-	-	9,081
Line of credit payable (Note 13)	3,952,970	-	-	-	3,952,970
Notes payable (Note 12)	-	-	20,564,197	20,564,197	20,564,197
TOTAL LIABILITIES	5,262,776	3,718,596	22,924,880	26,643,476	31,906,252
NET ASSETS					
Unrestricted	10,421,470	-	(1,863,630)	(1,863,630)	8,557,840
Temporarily restricted	3,572,165	-	-	-	3,572,165
Permanently restricted	15,126,521	-	-	-	15,126,521
TOTAL NET ASSETS	29,120,156	-	(1,863,630)	(1,863,630)	27,256,526
TOTAL LIABILITIES AND NET ASSETS	$ 34,382,932	$ 3,718,596	$ 21,061,250	$ 24,779,846	$ 59,162,778

Details of Jackson State University Development Foundation, Inc.'s revenues, expenses, and changes in net assets at June 30, 2014, and its subsidiaries' revenues, expenses, and changes in net assets at June 30, 2014, before elimination of interorganization transactions, are as follows:

		SUBSIDIARIES			
SUPPORT AND REVENUE	Jackson State University Development Foundation	University Park of Jackson I, LLC	University Park of Jackson II, LLC	Subsidiaries Total	2014 Totals
Contributions	$ 3,776,150	$ -	$ -	$ -	$ 3,776,150
Interest and dividend income	310,608	-	-	-	310,608
Realized gain from sale of investments	358,263	-	-	-	358,263
Rent revenue	-	-	1,130,970	1,130,970	1,130,970
Other revenue	923,838	-	-	-	923,838
Unrealized gain (loss) on investments	1,370,093	-	-	-	1,370,093
TOTAL SUPPORT AND REVENUE	6,738,952	-	1,130,970	1,130,970	7,869,922
EXPENSES					
Supporting Services:					
Institutional support	1,015,448	-	-	-	1,015,448
Scholarship	454,297	-	-	-	454,297
Athletic support	274,387	-	-	-	274,387
Academic support	28,178	-	-	-	28,178
Operating expense	-	-	592,663	592,663	592,663
General and administrative	1,516,293	-	-	-	1,516,293
Interest expense	-	-	776,772	776,772	776,772
Depreciation and amortization	71,585	-	586,862	586,862	658,447
TOTAL EXPENSES	3,360,188	-	1,956,297	1,956,297	5,316,485
Changes in Net Assets	3,378,764	-	(825,327)	(825,327)	2,553,437
Net Assets, beginning of year as previously reported	24,964,314	-	(1,038,303)	(1,038,303)	23,926,011
Prior period adjustment	1,207,571	-	-	-	1,207,571
Net Assets, beginning of year as restated	26,171,885	-	(1,038,303)	(1,038,303)	25,133,582
Other changes in net assets					
Transfer in (out)	(430,493)	-	-	-	(430,493)
Total Other changes in net assets	(430,493)	-	-	-	(430,493)
NET ASSETS END OF YEAR	$ 29,120,156	$ -	$ (1,863,630)	$ (1,863,630)	$ 27,256,526

Details of Jackson State University Development Foundation, Inc.'s cash flow activities at June 30, 2014, and its subsidiaries are as follows:

	Jackson State University Development Foundation	SUBSIDIARIES University Park of Jackson I, LLC	University Park of Jackson II, LLC	Subsidiaries Total	2014 Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in net assets	$ 3,378,764	$ -	$ (825,327)	$ (825,327)	$ 2,553,437
Adjustment to reconcile increase or decrease in net asset to net cash provided by (used in) operating activities:					
Depreciation expense	71,585	-	530,784	530,784	602,369
Amortization expense	-	-	56,078	56,078	56,078
Unrealized gain or (loss) on investments	1,370,093	-	-	-	1,370,093
Straight-line rent receivable	-	-	(11,920)	(11,920)	(11,920)
Prior period adjustment	1,207,571	-	-	-	1,207,571
(Increase) decrease in operating assets:					
Accounts receivable	23,715	-	-	-	23,715
Unconditional promise to give	(1,237,644)	-	-	-	(1,237,644)
Notes receivable	13,333	-	-	-	13,333
Due from component unit	(3,179,046)	-	-	-	(3,179,046)
Other assets	-	-	(1,800)	(1,800)	(1,800)
Increase (decrease) in operating liabilities:					
Accounts payable and scholarships payable	407,250	130,283	(4,477)	125,806	533,056
Accrued interest payable	29,843	-	-	-	29,843
Due to other funds	3,468,849	3,468,849	261,738	3,730,587	7,199,436
Net cash (used in) operating activities	5,554,313	3,599,132	5,076	3,604,208	9,158,521
Cash flows from investing activities					
Proceeds from sale of investment securities	745,000	-	-	-	745,000
Interest and dividend income	310,608	-	-	-	310,608
Acquisition of land and construction in progress	(20,750)	(3,596,077)	-	(3,596,077)	(3,616,827)
Purchase of investment securities	(4,532,541)	-	-	-	(4,532,541)
Receipts from restricted cash and cash equivalents	-	-	47,597	47,597	47,597
Other investing activities	(4,967,442)	(1)	-	(1)	(4,967,443)
Net cash provided by (used in) investing activities	(8,465,125)	(3,596,078)	47,597	(3,548,481)	(12,013,606)
Net cash provided by (used in) financing activities					
Proceeds from bank-line of credit	2,952,970	-	-	-	2,952,970
Net cash provided by (used in) financing activities	2,952,970	-	-	-	2,952,970
Net increase (decrease) in cash and cash equivalents	42,158	3,054	52,673	55,727	97,885
Cash and cash equivalents at July 1	1,580,514	-	85,594	85,594	1,666,108
Cash and cash equivalents at June 30	$ 1,622,672	$ 3,054	$ 138,267	$ 141,321	$ 1,763,993
Supplemental Disclosure of Cash Flow Information					
Interest paid	$ -	$ -	$ 776,772	$ 776,772	$ 776,772
Supplemental disclosure of noncash investing and financing activities					
Reduction in due to Jackson State University Development Foundation for development cost	$ -	$ -	$ 532,319	$ 532,319	$ 532,319

NOTE 28 - SUBSEQUENT EVENTS

During the period subsequent to year end the Foundation has the following event.

Promissory Note Obtained on Behalf of the Foundation

On March 12, 2015, the JSUDF Campus Services, LLC, a Mississippi Limited Liability Company (borrower) and whose sole member is the Jackson State University Development Foundation, Inc. entered into a loan agreement with the Mississippi E-Center Foundation, a Mississippi nonprofit organization (lender) on behalf of the JSU Development Foundation, Inc. in the amount of $422,000. The loan bears an interest rate of 4.58% and payable in monthly installments of $7,882.71 which includes principal and interest with a maturity date of March 15, 2020. The loan is to be repaid by the JSUDF Campus Services, LLC, beginning April 15, 2015. The JSU Development Foundation is the guarantor of the loan. This loan is collateralized by the assignment of certain future leases, rents and advertising revenues to be obtained from electronic signs and or billboards by the JSU Development Foundation.

Subsequent events have been evaluated through May 13, 2015, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 29 - ACCOUNTS PAYABLE

At June 30, 2014 accounts payable consisted of the the following:

	Amount
JSU Development Foundation	
Accounts payable	$ 1,293,062
University Park of Jackson II	
Accounts payable	365,984
Total Accounts Payable	$ 1,659,046

NOTE 30 - LEASE REVENUE

Upon completion of the facility in October 2010, the UPJ II began leasing residential space to tenants primarily under noncancelable short-term leases. In addition, UPJ II began leasing commercial space to tenants, to include entering into a ten-year master lease agreement with JSU. JSU is responsible for base rent payments due on the first day of each month and for its share of common area maintenance expense ("CAM"). Through June 30, 2013, amount due for CAM from JSU have not been quantified and are not reflected in the financial statements due to the uncertainty of collection. UPJ II is named manager on all subleases entered into by JSU and, as such, has the authority to act upon the behalf of JSU. Sublease rentals are collected by UPJ II and remitted to JSU periodically. Future minimum rentals under the commercial and master leases for years subsequent to June 30, 2014, are as follows:

Year Ending	Amount
2015	$ 423,594
2016	436,302
2017	449,394
2018	462,876
2019	234,858
	$ 2,007,024

NOTE 31 - PRIOR PERIOD ADJUSTMENT

A net prior period adjustment has been recorded in the financial statements in the amount of $1,207,571 as explained below:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013
Net Assets, Beginning of year as previously reported	$ 7,989,235	$ 2,239,258	$ 12,928,442	$ 23,156,935
Adjustment to eliminate interfund receivable and payables and to reallocate net asset balances	1,207,571	-	-	1,207,571
Net Assets, Beginning of year as restated	$ 9,196,806	$ 2,239,258	$ 12,928,442	$ 24,364,506

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Directors
Jackson State University
Development Foundation, Inc.
Jackson, Mississippi

We have audited the financial statements of Jackson State University Development Foundation, Inc. as of and for the year ended June 30, 2014, and have issued our report thereon dated May 13, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of Management and General expenses is 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.

Ridgeland, Mississippi
May 13, 2015

SCHEDULE A

JACKSON STATE UNIVERSITY DEVELOPMENT FOUNDATION, INC.
Schedule of Management and General Expenses
For the Years Ended June 30, 2014 and 2013

EXPENSES	General Fund Unrestricted	General Fund Restricted	Quasi Endowed	Endowed Restricted	2014	2013
Staff benefits	$ 100,000	$ 10,433	$ -	$ -	$ 110,433	$ 88,017
Travel	33,773	41,870	6,910	-	82,553	106,403
Promotions & advertising	5,716	40,181	-	-	45,897	85,319
Special events	49,336	15,207	-	-	64,543	86,060
Equipment expense	395	55,679	-	-	56,074	26,930
Facility rental/maintenance	4,408	38,913	-	-	43,321	4,228
Supplies and materials	7,530	13,419	-	-	20,949	20,301
Staff development	12,936	-	-	-	12,936	4,395
Telephone	3,198	5,586	-	-	8,784	8,773
Computer support	-	946	-	-	946	8,432
Bank charges	9,218	1,204	-	-	10,422	10,320
Membership/subscription dues	1,580	3,056	1,025	-	5,661	7,361
Contract & professional fees	278,275	152,467	-	-	430,742	386,972
Printing and publications	2,749	20,258	-	-	23,007	79,781
Property taxes	4,638	-	-	-	4,638	5,727
Food cost and catering	18,888	113,591	282	-	132,761	156,516
Postage and mailing	60,038	2,602	-	-	62,640	63,283
Insurance and bonding	26,347	170	-	-	26,517	25,080
Investment admin. charges	3,253	41,020	-	188,967	233,240	219,726
Sponsorship	13,920	25,807	-	-	39,727	38,289
Bad debt expense	-	-	-	-	-	376,776
Miscellaneous	13,568	139	-	-	13,707	19,002
Interest expense	56,952	-	-	29,843	86,795	40,837
TOTAL EXPENSES	$ 706,718	$ 582,548	$ 8,217	$ 218,810	$ 1,516,293	$ 1,868,528