JACKSON STATE UNIVERSITY DEVELOPMENT FOUNDATION, INC. AND SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016
(With Summarized Financial Information for 2015)

JACKSON STATE UNIVERSITY DEVELOPMENT FOUNDATION, INC.,
AND SUBSIDIARIES
June 30, 2016 and 2015

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BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2016 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 $22,678,834 as of June 30, 2016, and rent revenues $5,159,455 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.

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Basis for Qualified Opinion

As discussed in Note 2 (M) to the consolidated financial statements, Management of University Park of Jackson II, LLC identified identified events and circumstances which indicate that the carrying value of the Company's long-lived assets may be impaired. However, the Company has not completed an impairment analysis of the carrying value of its long-lived assets which is a departure from GAAP. This departure from GAAP could have a material effect on the carrying value of long-lived assets and member's equity as of June 30, 2016 and on the results of operations for the year then ended.

Opinion

In our opinion, except for the effects of any adjustments that may result from an impairment analysis of the Company's long-lived assets, as described in the Basis for Qualified Opinion paragraph, 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, 2016, 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 2015 financial statements, and expressed an unmodified opinion on those audited financial statements in our report dated September 15, 2016, . In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Brown, Ey & Co.

Ridgeland, Mississippi
September 28, 2018

EXHIBIT I

JACKSON STATE UNIVERSITY DEVELOPMENT FOUNDATION, INC.
Statement of Financial Position
June 30, 2016
(With Summarized Financial Information for 2015)

ASSETS	2016	2015
Cash and cash equivalents (Note 2.G and 6)	$ 3,673,878	$ 2,437,997
Restricted cash and cash equivalents (Note 9)	110,414	113,523
Investments (Note 8)		
U.S. Savings Bonds	23,879	23,557
Certificate of deposits	132,119	131,230
Marketable securities (Note 7.B)	15,206,384	15,589,632
Accounts receivable	97,361	145,966
Loans receivable (Note 10)	5,341,857	4,502,400
Unconditional promises to give, net (Note 3)	4,049,348	6,696,494
Deferred financing costs (Note 2.K)	4,332	1,522,247
Other assets	8,104	5,592
Property and Equipment (Net of accumulated depreciation)		
Land (Note 25)	1,896,296	1,896,296
Building/facility	18,817,071	18,788,273
Improvements	288,400	288,400
Historical books and periodicals	808,020	808,020
Office equipment at cost	1,170,452	1,170,452
Accumulated depreciation	(3,576,379)	(2,838,969)
Construction in progress (Note 26)	3,715,542	3,715,542
TOTAL ASSETS	$ 51,767,078	$ 54,996,652
LIABILITIES		
Accounts payable and other liabilities (Note 29)	$ 1,709,535	$ 1,112,391
Accrued interest payable	308,442	284,401
Funds held in trust (Note 24)	9,081	9,081
Line of credit payable (Note 13)	4,795,519	3,997,969
Notes payable, current portion	275,830	77,741
Note payable, less current portion	14,439,422	20,889,729
TOTAL LIABILITIES	21,537,829	26,371,312
NET ASSETS		
Unrestricted	11,037,061	9,745,176
Temporarily restricted	2,207,017	2,353,497
Permanently restricted	16,985,171	16,526,667
TOTAL NET ASSETS	30,229,249	28,625,340
TOTAL LIABILITIES AND NET ASSETS	$ 51,767,078	$ 54,996,652

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, 2016
(With Summarized Financial Information for 2015)

SUPPORT AND REVENUE	Unrestricted	Temporarily Restricted	Permanently Restricted	2016	2015
Contributions	$ 724,250	$ 967,893	$ 781,009	$ 2,473,152	$ 4,130,182
Interest and dividend income	2,944	-	337,722	340,666	366,659
Realized gain (loss) on sale of Investments	-	-	186,128	186,128	479,276
Rent revenue	1,132,495	-	-	1,132,495	1,109,339
Gain on extinguishments of New Market Tax Credit obligation	4,026,960	-	-	4,026,960	-
Other revenue	630,809	382,962	4,222	1,017,993	1,053,841
Unrealized gain (loss) on investments	-	-	(695,933)	(695,933)	(282,241)
Net assets released from restrictions:					
Satisfaction of program restrictions	1,056,939	(924,452)	(132,487)	-	-
TOTAL SUPPORT AND REVENUE	7,574,397	426,403	480,661	8,481,461	6,857,056
EXPENSES					
Supporting Services:					
Institutional support	285,568	-	-	285,568	747,258
Scholarship	317,470	-	-	317,470	134,041
Athletic support	521,954	-	-	521,954	160,786
Academic support	9,608	-	-	9,608	9,604
Operating expenses	673,104	-	-	673,104	659,382
General and administrative	3,553,673	-	-	3,553,673	1,690,169
Interest expense	704,808	-	-	704,808	772,993
Depreciation and amortization	750,490	-	-	750,490	793,486
TOTAL EXPENSES	6,816,675	-	-	6,816,675	4,967,719
Changes in Net Assets	757,722	426,403	480,661	1,664,786	1,889,337
Net Assets, Beginning of year as previously reported	9,745,176	2,353,497	16,526,667	28,625,340	26,487,450
Prior period adjustment	1,315,374	(642,244)	-	673,130	248,553
Net Assets, Beginning of year as restated	11,060,550	1,711,253	16,526,667	29,298,470	26,736,003
Other changes in net assets					
Transfer In (out)	(12,204)	69,361	(22,157)	35,000	-
Eliminate investment in subsidiary (UPJ II)	(769,007)	-	-	(769,007)	-
Total other changes in net assets	(781,211)	69,361	(22,157)	(734,007)	-
NET ASSETS END OF YEAR	$11,037,061	$ 2,207,017	$ 16,985,171	$ 30,229,249	$ 28,625,340

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, 2016
(With Summarized Financial Information for 2015)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,664,786	$ 1,889,339
Adjustment to reconcile increase or decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	737,410	737,410
Amortization expense	13,080	56,076
Gain on New Market Tax Credit obligations	(4,026,960)	-
Unrealized gain or (loss) on investments	(695,933)	(282,241)
Amortization of debt issurance costs	110,100	-
Prior period adjustment	(95,877)	248,553
Straight-line rent receivable	98,780	384
(Increase) decrease in operating assets:		
Accounts receivable	(47,067)	(4,169)
Unconditional promise to give	2,647,145	(1,054,770)
Notes receivable	(839,457)	-
Due from other funds	(15,793)	-
Due from component unit	(1,039,304)	(266,113)
Other assets	(2,512)	-
Increase (decrease) in operating liabilities:		
Accounts payable and scholarships payable	612,940	(537,572)
Accrued interest payable	24,041	26,991
Due to other funds	1,039,304	3,734,963
Net cash (used in) operating activities	184,683	4,548,851
Cash flows from investing activities		
Proceeds from sale of investment securities	382,037	745,000
Interest and dividend income	340,666	366,659
Acquisition of land and construction in progress	(28,798)	(3,640,746)
Purchase of investment securities	-	(1,115,843)
Receipts from restricted cash and cash equivalents	-	33,987
Other investing activities	1,193,815	(666,965)
Net cash provided by (used in) investing activities	1,887,720	(4,277,908)
Net cash provided by (used in) financing activities		
Proceeds from notes payable	9,532,000	448,273
Principal payment on note	(10,089,247)	-
Loan acquisition cost	(279,275)	-
Net cash provided by (used in) financing activities	(836,522)	448,273
Net increase (decrease) in cash and cash equivalents	1,235,881	719,216
Cash and cash equivalents at July 1	2,437,997	1,718,781
Cash and cash equivalents at June 30	$ 3,673,878	$ 2,437,997
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 417,772	$ 815,720

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 I, LLC (UPJ I), 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 may 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 classified as a reduction to long-term debt. Amortization of deferring financing costs is provided on a straight-line basis over the forty (40) year life of the loan agreement beginning July 1, 2008. Amortization of deferred financing costs amounted to $110,100 for 2016 and is included in interest expense of the accompanying statements of operations. As a result of repayment of the Mississippi Ventures, LLC Loans, A, B and C in August of 2015, University Park of Jackson II, LLC wrote off $1,093,466 of deferred financing costs. This write off of deferred financing costs is reported as a reduction of the gain on extinguishments of New Market Tax Credit obligations account in the statements of operations for fiscal year 2016.

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, 2016.

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.

Management of University Park of Jackson II, LLC has determined that events and circumstances exists which indicate that carrying value of its long-lived assets may be impaired. However, the Company has not completed an impairment analysis of the carrying value of its long-lived assets which is a departure from GAAP. Management has determined that completion of an impairment analysis would likely result in a material reduction to the carrying value of the Company's rental property and member's equity as of June 30, 2016 as well as an increase to the Company's net loss for the year ended June 30, 2016.

NOTE 3 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2016 and June 30, 2015 are as follows:

Promises to give expected to be collected in:	June 30, 2016	June 30, 2015
Less than one year	$ 1,225,315	$ 3,281,079
One to five years	4,144,465	2,524,376
More than five years	662,662	1,581,624
	6,032,442	7,387,079
Less: Allowance and discounts for uncollectible promises to give	(690,585)	(690,585)
Net unconditional promises to give	$ 5,341,857	$ 6,696,494

NOTE 4 - 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 5 - 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, 2016, 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 6 - 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, 2016	Balance at June 30, 2015
Jackson State University Development Foundation:			
Checking Account	Variable	$ 3,034,559	$ 2,268,145
Total JSU Development Foundation		3,034,559	2,268,145
Subsidiaries:			
Checking Account	Variable	639,319	169,852
Money Market Accounts - Trustmark	Variable	110,414	113,523
Total Subsidiaries		749,733	283,375
TOTAL		$ 3,784,292	$ 2,551,520

NOTE 7 - INVESTMENTS

Investments are recorded at market value. The historical cost and market value at June 30, 2016 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 $23,879 at June 30, 2016 and $23,557 at June 30, 2015.

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, 2016	Fair Value June 30, 2015
Marketable Equity Securities		
Merrill Lynch-EMA Accounts	$ 13,613,095	$ 13,809,953
Wells Fargo Bank - Robert Branson Trust	262,575	295,658
Bankplus Small Growth fund	1,330,714	1,484,021
Total Marketable Equity Securities	15,206,384	15,589,632
Certificate of Deposits		
Liberty Bank-Certificate of Deposit	132,119	131,230
TOTAL	$ 15,338,503	$ 15,720,862

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended June 30, 2016.

	Unrestricted	Restricted	Total
Interest and dividend income	$ 2,943	$ 337,722	$ 340,665
Realized gain (loss) on investments	-	186,128	186,128
Unrealized gain (loss) on investments	-	(695,933)	(695,933)
Total Investment Return	$ 2,943	$ (172,083)	$ (169,140)

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, 2016, 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 8 - 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 full 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, 2016.

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, the 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, 2016.

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	$ 617,287	617,287	-	$ -
International mutual funds	44,620	44,620	-	-
Common stock	5,245,594	5,245,594	-	-
ETF mid cap	149,999	149,999	-	-
Large-cap mutual funds	3,956,937	3,956,937	-	-
Small cap mutual funds	114,629	114,629	-	-
Cash equivalents	200	200	-	-
Certificate of deposits	132,119	132,119	-	-
ETF commodities	40,635	40,635	-	-
Money market funds	709,323	709,323	-	-
Total Equity Securities	11,011,343	11,011,343	-	-
Fixed Income Securities:				
Domestic mutual funds	44,455	44,455	-	-
International mutual funds	2,288,979	2,288,979	-	-
U. S. Savings bonds	23,879	23,879	-	-
Corporate bonds	811,143	811,143	-	-
U. S. treasury notes	423,855	423,855	-	-
Total Fixed Income Securities	3,592,311	3,592,311	-	-
Other investments:				
Real assets fund	728,974	-	728,974	-
Complementary strategies	29,756	29,756	-	-
Total Other Investments	758,730	29,756	728,974	-
Total Assets Recognized at Fair Value	$ 15,362,384	$ 14,633,410	$ 728,974	$ -

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, 2016 and 2015, as follows:

	2016		2015	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Assets:				
Cash and cash equivalents	$ 3,673,878	$ 3,673,878	$ 2,437,997	$ 2,437,997
Restricted cash and cash equivalents	110,414	110,414	113,523	113,523
Certificates of deposit	132,119	132,119	131,230	131,230
Accounts receivable	97,361	97,361	145,966	145,966
Unconditional promises to give, net	4,049,348	4,049,348	6,696,494	6,696,494
Liabilities:				
Accounts payable and accrued liabilities	2,027,058	2,027,058	1,405,873	1,405,873
Notes payable	14,715,252	14,715,252	77,741	77,741

NOTE 9 - 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, 2016, and June 30, 2015 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	2016 Amount	2015 Amount
Restricted cash and cash equivalents	$ 110,414	$ 113,523
	$ 110,414	$ 113,523

NOTE 10 - LOANS RECEIVABLE

At June 30, 2016, 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.	$ 5,341,857
	$ 5,341,857

NOTE 11 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2016:

Class of Property and Equipment	Cost
Land	$ 1,896,296
Building/facility	18,817,071
Improvements	288,400
Historical books and periodicals	808,020
Office equipment	1,170,452
Construction in progress	3,715,542
	26,695,781
Less: Accumulated depreciation	(3,576,379)
Net property and equipment	$ 23,119,402

Depreciation expense for the year ended June 30, 2016 totaled $737,410 for all depreciable fixed assets.

NOTE 12 - NOTES PAYABLE

At June 30, 2016 notes payable consisted of the following:

Trustmark National Bank Note "A"	
On August 27, 2015, University Park of Jackson II, LLC executed a promissory note A, with Trustmark National Bank in the amount of \$6,375,000 with an interest rate of 6.62%; maturing June 30, 2018. The loan was obtained to fund the repayment requirement related to the Lender's exercising of their acceleration options. The note requires monthly principal and interest payments beginning October 1, 2015 through June 1, 2018 in the amount of \$32,525.	\$ 5,509,574
Trustmark National Bank "B"	
On August 27, 2015, University Park of Jackson II, LLC executed a promissory note B, with Trustmark National Bank in the amount of \$3,157,000 with an interest rate of 3.55%; maturing June 30, 2018. The loan was obtained to fund the repayment requirement related to the Lender's exercising of their acceleration options. The note requires interest only payments beginning October 1, 2015 and continuing on the first of each March, June, September and December through June 1, 2018.	3,157,000
MBFC Loan "C"	
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.	4,486,047
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 \$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.	1,042,647
Total Construction Debt	\$14,195,268

Maturities of notes payable for the years subsequent to June 30, 2016, are as follows:

Year Ended	Amount
2017	$ 187,838
2018	9,376,143
2019	131,110
2020	133,226
2021	135,378
Thereafter	4,231,573
	$ 14,195,268

NOTE 13 - 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, 2016, the outstanding amount on the line-of-credit is $2,185,991 of which $388,442 is accrued interest and accrued administrative fees. The line-of-credit is secured by certain investment accounts held by Merrill Lynch in the name of the Foundation.

B. Line of Credit - BankPlus

The Foundation has available an unsecured revolving line-of-credit agreement dated October 16, 2015 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, 2016. At June 30, 2016, the outstanding amount on the line-of-credit is $2,997,969.

NOTE 14 - PROMISSORY NOTE PAYABLE

Promissory note payable of $332,147 at June 30, 2016 consist of the following:

For various business and liability limitation reasons, the Foundation on March 4, 2015, formed JSUDF Campus Services, LLC ("Campus Services"), a Mississippi limited liability company of which the Foundation is the sole member. The Foundation chose to use Campus Services to undertake a series of transactions with Capturion Network, LLC ("CAP") for the purpose of purchasing from CAP various equipment, technology and services to be used to deliver electronic sign and messaging content and services for the benefit of Jackson State University ("JSU"). On March 12, 2105, Campus Services borrowed from another entity formed for the benefit of JSU, the Mississippi E-Center Foundation, the sum of $422,000, and executed a promissory note in favor of the E-Center to evidence the loan. This note payable is secured by, among other things (a) collateral pledge and assignment of the advertising revenue payable to Campus Services and certain other interests as set forth in the Loan Assistance Agreement governing the transaction, and (b) separate guarantees from CAP and the Foundation. The note is payable monthly installments of $7,883, which includes principal and interest with an interest rate of 4.58% and a maturity date of March 15, 2020.

Maturities of notes payable for the years subsequent to June 30, 2016, are as follows:

Year Ended	Principal	Interest	Total
2017	$ 87,992	$ 14,483	$ 102,475
2018	85,184	9,408	94,592
2019	89,168	5,424	94,592
2020	69,803	1,342	71,145
Total	$ 332,147	$ 30,657	$ 362,804

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 2016.

Purpose restrictions accomplished:

Institutional support	$ 285,568
General scholarships	317,470
Athletic support	521,954
Academic support	9,608
General and administrative	3,553,673
	$ 4,688,273

NOTE 16 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30, 2016:

Provide scholarship assistance and other supporting services	$2,207,017

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.

$16,985,171

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, 2016 and 2015. Purchases and services between the Foundation and the University were not material in fiscal years 2016 and 2015.

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, 2016, 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 RISK 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, 2016, 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, 2015 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 07/01/15	Additions	Adjustments	Balance at 06/30/16
Land and land options	$ 1,841,626	$ -	$ -	$ 1,841,626
Donated land	54,670	-	-	54,670
	$ 1,896,296	$ -	$ -	$ 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, 2016 the following projects were under construction:

Name of Project	Estimated Cost of Project	Cost Incurred as of 07/01/15	Current Year Additions	Cumulative Cost as of 06/30/16	Estimated Cost to Complete
University Park of Jackson I, LLC	$3,715,542	$ -	$ -	$ 3,715,542	$ -
Total	$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 five (5) 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), Campus Services, 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, 2016 and Jackson State University Foundation, LLC's financial position at June 30, 2016, 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)	$ 3,031,505	$ 3,054	$ 639,319	$ 642,373	$ 3,673,878
Restricted cash and cash equivalents	-	-	110,414	110,414	110,414
Investments (Note 7)					
U.S. Savings Bonds	23,879	-	-	-	23,879
Certificate of deposits	132,119	-	-	-	132,119
Marketable securities	15,206,384	-	-	-	15,206,384
University Park of Jackson II Project	769,077	-	-	-	769,077
Due from component unit	6,768,966	-	-	-	6,768,966
Accounts receivable	28,857	-	68,504	68,504	97,361
Loans receivable (Note 8)	5,341,857	-	-	-	5,341,857
Unconditional promises to give, net (Note 3)	4,049,348	-	-	-	4,049,348
Lease execution costs, net	-	-	4,332	4,332	4,332
Other assets	-	-	8,104	8,104	8,104
Property and Equipment:					
Land (Note 24)	27,750	-	1,868,546	1,868,546	1,896,296
Building/facility	-	-	18,817,071	18,817,071	18,817,071
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	(731,927)	-	(2,844,452)	(2,844,452)	(3,576,379)
TOTAL ASSETS	$ 36,626,287	$ 3,718,596	$ 18,960,238	$ 22,678,834	$ 59,305,121
LIABILITIES					
Accounts payable and other liabilities	$ 825,679	$ 249,747	$ 634,109	$ 883,856	$ 1,709,535
Accrued interest payable	308,442	-	-	-	308,442
Due to other funds	-	3,468,849	3,300,117	6,768,966	6,768,966
Funds held in trust (Note 23)	9,081	-	-	-	9,081
Line of credit payable (Note 13)	4,795,518	-	-	-	4,795,518
Notes payable, current portion	87,992	-	187,838	187,838	275,830
Notes payable, less current portion	244,154	-	14,195,268	14,195,268	14,439,422
TOTAL LIABILITIES	6,270,866	3,718,596	18,317,332	22,035,928	28,306,794
NET ASSETS					
Unrestricted	11,163,233	-	642,906	642,906	11,806,139
Temporarily restricted	2,207,017	-	-	-	2,207,017
Permanently restricted	16,985,171	-	-	-	16,985,171
TOTAL NET ASSETS	30,355,421	-	642,906	642,906	30,998,327
TOTAL LIABILITIES AND NET ASSETS	$ 36,626,287	$ 3,718,596	$ 18,960,238	$ 22,678,834	$ 59,305,121

Details of Jackson State University Development Foundation, Inc.'s revenues, expenses, and changes in net assets at June 30, 2016, and its subsidiaries' revenues, expenses, and changes in net assets at June 30, 2016, 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	2016 Totals
Contributions	$ 2,473,152	$ -	$ -	$ -	$ 2,473,152
Interest and dividend income	340,666	-	-	-	340,666
Realized gain from sale of investments	186,128	-	-	-	186,128
Rent revenue	-	-	1,132,495	1,132,495	1,132,495
Gain on extinguishments of New Market Tax Credit obligation	-	-	4,026,960	4,026,960	4,026,960
Other revenue	1,017,993	-	-	-	1,017,993
Unrealized gain (loss) on investments	(695,933)	-	-	-	(695,933)
TOTAL SUPPORT AND REVENUE	3,322,006	-	5,159,455	5,159,455	8,481,461
EXPENSES					
Supporting Services:					
Institutional support	285,568	-	-	-	285,568
Scholarship	317,470	-	-	-	317,470
Athletic support	521,954	-	-	-	521,954
Academic support	9,608	-	-	-	9,608
Operating expense	-	-	673,104	673,104	673,104
General and administrative	3,553,673	-	-	-	3,553,673
Interest expense	153,481	-	551,327	551,327	704,808
Depreciation and amortization	219,262	-	531,228	531,228	750,490
TOTAL EXPENSES	5,061,016	-	1,755,659	1,755,659	6,816,675
Changes in Net Assets	(1,739,010)	-	3,403,796	3,403,796	1,664,786
Net Assets, beginning of year as previously reported	32,155,308	-	(2,760,890)	(2,760,890)	29,394,418
Prior period adjustment	(95,877)	-	-	-	(95,877)
Net Assets, beginning of year as restated	32,059,431	-	(2,760,890)	(2,760,890)	29,298,541
Other changes in net assets					
Transfer in (out)	35,000	-	-	-	35,000
Total Other changes in net assets	35,000	-	-	-	35,000
NET ASSETS END OF YEAR	$ 30,355,421	$ -	$ 642,906	$ 642,906	$ 30,998,327

Details of Jackson State University Development Foundation, Inc.'s cash flow activities at June 30, 2016, and its subsidiaries are as follows:

		SUBSIDIARIES			
	Jackson State University Development Foundation	University Park of Jackson I, LLC	University Park of Jackson II, LLC	Subsidiaries Total	2016 Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Change in net assets	$ (1,739,010)	$ -	$ 3,403,796	$ 3,403,796	$ 1,664,786
Adjustment to reconcile increase or decrease in net asset to net cash provided by (used in) operating activities:					
Depreciation expense	219,262	-	518,148	518,148	737,410
Amortization expense	-	-	13,080	13,080	13,080
Unrealized gain or (loss) on investments	(695,933)	-	-	-	(695,933)
Amortization of debt issurance costs	-	-	110,100	110,100	110,100
Gain on New Market Tax Credit obligations	-	-	(4,026,960)	(4,026,960)	(4,026,960)
Prior period adjustment	(95,877)	-	-	-	(95,877)
Straight-line rent receivable	-	-	98,780	98,780	98,780
(Increase) decrease in operating assets:					
Accounts receivable	18,328	-	(65,395)	(65,395)	(47,067)
Unconditional promise to give	2,647,145	-	-	-	2,647,145
Notes receivable	(839,457)	-	-	-	(839,457)
Due from other funds	-	-	(15,793)	(15,793)	(15,793)
Due from component unit	(1,039,304)	-	-	-	(1,039,304)
Other assets	-	-	(2,512)	(2,512)	(2,512)
Increase (decrease) in operating liabilities:					
Accounts payable and scholarships payable	427,827	-	185,113	185,113	612,940
Accrued interest payable	24,041	-	-	-	24,041
Due to other funds	-	-	1,039,304	1,039,304	1,039,304
Net cash (used in) operating activities	(1,072,978)	-	1,257,661	1,257,661	184,683
Cash flows from investing activities					
Proceeds from sale of investment securities	382,037	-	-	-	382,037
Interest and dividend income	340,666	-	-	-	340,666
Acquisition of land and construction in progress	-	-	(28,798)	(28,798)	(28,798)
Other investing activities	1,193,815	-	-	-	1,193,815
Net cash provided by (used in) investing activities	1,916,518	-	(28,798)	(28,798)	1,887,720
Net cash provided by (used in) financing activities					
Proceeds from notes payable	-	-	9,532,000	9,532,000	9,532,000
Principal payment on notes payable	(77,126)	-	(10,012,121)	10,012,121)	(10,089,247)
Loan acquisition costs	-	-	(279,275)	(279,275)	(279,275)
Net cash provided by (used in) financing activities	(77,126)	-	(759,396)	(759,396)	(836,522)
Net increase (decrease) in cash and cash equivalents	766,414	-	469,467	469,467	1,235,881
Cash and cash equivalents at July 1	2,265,091	3,054	169,852	172,906	2,437,997
Cash and cash equivalents at June 30	$ 3,031,505	$ 3,054	$ 639,319	$ 642,373	$ 3,673,878
Supplemental Disclosure of Cash Flow Information					
Interest paid	$ 15,584	$ -	$ 402,188	$ 402,188	$ 417,772

NOTE 28 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 28, 2018, which is the date on which the financial statements were available to be issued. No events have occurred that would have a material effect on the financial statements of the Organization as of that date except as disclosed below. During the period subsequent to year end the Foundation has the following event.

University Park of Jackson II, LLC

Matter of Going Concern

The financial statements of University Park of Jackson II, LLC dated July 13, 2018 was prepared assuming that the company will continue as a going concern. Due to the current maturities of long-term debt of $9.4 million, the Company has experienced a significant increase in its working capital deficit from $3.3 million as of June 30, 2016 to 12.5 million as of June 30, 2017. In addition, the Company's master lease agreement with Jackson State University expires December 31, 2018. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. The audit opinion of the Company was not modified with respect to this matter.

Management plans to address the Company's ability to continue as on going concern by seeking to renew the term loans, collect amounts due under the master lease agreement and renew the master lease agreement under acceptable terms. Further, the Company will continue to evaluate all aspects of the operations of the Facility in order to improve operating cash flows. There can be no absolute assurance that management will be able to fully execute these plans. However, management believes significant progress is being made. Specifically, management realistically anticipates and experts that the Company's debt associated with the Facility will be refinanced on a long-term basis.

NOTE 29 - ACCOUNTS PAYABLE

At June 30, 2016 accounts payable consisted of the the following:

	Amount
JSU Development Foundation	
Accounts payable	$ 825,679
University Park of Jackson I	
Accounts payable	249,747
University Park of Jackson II	
Accounts payable	634,109
Total Accounts Payable	$ 1,709,535

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 entered into a ten-year master lease agreement with JSU for the facility's commercial space. The master lease requires payment of monthly base rental of $30,000 on the first day of each month which increases by 3 percent each year plus payment of certain common area maintenance expense ("CAM"). Through June 30, 2015, JSU has paid only base rentals excluding the 3 percent annual base rent increases. Amount due for rent increases totaled $92,000 at June 30, 2016 and are included in straight-line receivable in the accompanying statement of financial position. Amounts due for CAM from JSU have not been quantified and are not reflected in the accompanying 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. Subleases 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, 2016, are as follows:

Year Ending	Amount
2017	$ 360,000
2018	360,000
2019	180,000
	$ 900,000

NOTE 31 - PRIOR PERIOD ADJUSTMENT

A net prior period adjustment has been recorded in the financial statements in the amount of $673,130 as explained below:

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016
Net Assets, Beginning of year as previously reported	$ 9,745,176	$ 2,353,497	$ 16,526,667	$ 28,625,340
Adjustment to reconcile beginning net assets	1,315,374	(642,244)	-	673,130
Net Assets, Beginning of year as restated	$ 11,060,550	$ 1,711,253	$ 16,526,667	$ 29,298,470

BROWN, EWING & CO.
P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2016, and have issued our report thereon dated September 28, 2018, 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.

Brown, Ewing & Co.
Ridgeland, Mississippi
September 28, 2018

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JACKSON STATE UNIVERSITY DEVELOPMENT FOUNDATION, INC.
Schedule of General and Administrative Expenses
For the Years Ended June 30, 2016 and 2015

EXPENSES	General Fund Unrestricted	General Fund Restricted	Quasi Endowed	Endowed Restricted	2016	2015
Staff benefits	$ 50,000	$ -	$ 47,489	$ -	$ 97,489	$ 110,887
Travel	8,357	95,797	5,758	-	109,912	71,897
Accounting system research	-	51	-	-	51	-
Promotions & advertising	8,745	37,357	-	-	46,102	34,984
Special events	12,333	24,594	-	-	36,927	48,139
Equipment expense	-	76,662	-	-	76,662	92,785
Facility rental/maintenance	7,934	11,245	-	-	19,179	28,052
Supplies and materials	17,074	89,711	137	-	106,922	26,909
Staff development	75	-	-	-	75	24,913
Telephone	-	1,812	-	-	1,812	5,513
Computer support	-	2,283	-	-	2,283	13,688
Bank charges	24,319	1,762	-	-	26,081	8,615
Membership/subscription dues	19,335	2,778	835	-	22,948	4,060
Contract & professional fees	187,603	284,710	551	-	472,864	359,620
Printing and publications	8,664	16,780	-	-	25,444	29,369
Property taxes	6,560	-	-	-	6,560	155,118
Food cost and catering	21,454	99,079	350	-	120,883	147,555
Postage and mailing	41,022	299	-	-	41,321	63,664
Insurance and bonding	24,924	82	-	-	25,006	19,205
Investment admin. charges	6,984	94,719	-	104,182	205,885	216,226
Management fees	-	-	-	-	-	11,500
Sponsorship	19,100	10,025	-	-	29,125	51,808
Bad debt expense	-	1,329,765	-	730,097	2,059,862	-
Miscellaneous	1,194	19,086	-	-	20,280	16,515
Interest expense	-	-	-	-	-	149,147
TOTAL EXPENSES	$ 465,677	$ 2,198,597	$ 55,120	$ 834,279	$ 3,553,673	$ 1,690,169