

RAGIN' CAJUN FACILITIES, INC.
FINANCIAL REPORT
JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/20/10

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ragin' Cajun Facilities, Inc.
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Ragin' Cajun Facilities, Inc. (a nonprofit organization) as of June 30, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ragin' Cajun Facilities, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 4, 2009, on our consideration of Ragin' Cajun Facilities, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other

matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Brussard, Poche, Jerni & Brey, LLP

Lafayette, Louisiana
September 4, 2009

RAGIN' CAJUN FACILITIES, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

ASSETS	<u>2009</u>	<u>2008</u>
CURRENT ASSETS		
Rent receivable	\$ 510,298	\$ 502,325
Other receivables	175,000	175,000
	<u>\$ 685,298</u>	<u>\$ 677,325</u>
RESTRICTED ASSETS		
Cash	<u>\$ 13,970,367</u>	<u>\$ 2,114,690</u>
PROPERTY AND EQUIPMENT		
Buildings	\$ 14,847,710	\$ 14,847,710
Furniture and equipment	1,899,602	1,899,602
Construction in progress	491,366	-
	<u>\$ 17,238,678</u>	<u>\$ 16,747,312</u>
Accumulated depreciation and amortization	<u>(3,424,419)</u>	<u>(2,739,535)</u>
Total property and equipment	<u>\$ 13,814,259</u>	<u>\$ 14,007,777</u>
OTHER ASSETS		
Bond issuance costs, net of accumulated amortization, \$156,771 and \$128,047, respectively	<u>\$ 1,029,201</u>	<u>\$ 454,666</u>
Total assets	<u>\$ 29,499,125</u>	<u>\$ 17,254,458</u>

See Notes to Financial Statements.

LIABILITIES AND NET ASSET	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Current maturities of bonds payable	\$ 395,000	\$ 380,000
Accounts payable	357,350	-
Accrued interest payable	<u>356,285</u>	<u>217,325</u>
Total current liabilities	\$ 1,108,635	\$ 597,325
LONG-TERM LIABILITIES		
Bonds payable less current maturities, net of original issue discount, \$445,275 and \$259,634, respectively	<u>29,264,725</u>	<u>17,345,366</u>
Total liabilities	<u>\$ 30,373,360</u>	<u>\$ 17,942,691</u>
NET ASSETS		
Unrestricted - deficit	\$ (1,765,120)	\$ (1,518,787)
Temporarily restricted	<u>890,885</u>	<u>830,554</u>
	<u>\$ (874,235)</u>	<u>\$ (688,233)</u>
Total liabilities and net assets	<u>\$ 29,499,125</u>	<u>\$ 17,254,458</u>

RAGIN' CAJUN FACILITIES, INC.

STATEMENTS OF ACTIVITIES
Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES:			
Rental income	\$ 1,239,093	\$ -	\$ 1,239,093
Contributions	74,075	175,000	249,075
Interest income	26,963	13,529	40,492
Net assets released from restrictions	<u>128,198</u>	<u>(128,198)</u>	<u>-</u>
	<u>\$ 1,468,329</u>	<u>\$ 60,331</u>	<u>\$ 1,528,660</u>
EXPENSES:			
Depreciation and amortization	\$ 684,884	\$ -	\$ 684,884
Repairs and maintenance	128,198	-	128,198
Other expenses	1,575	-	1,575
Interest expense	<u>900,005</u>	<u>-</u>	<u>900,005</u>
	<u>\$ 1,714,662</u>	<u>\$ -0-</u>	<u>\$ 1,714,662</u>
Change in net assets - (deficit)	\$ (246,333)	\$ 60,331	\$ (186,002)
Net assets at beginning of year	<u>(1,518,787)</u>	<u>830,554</u>	<u>(688,233)</u>
Net assets at end of year - (deficit)	<u>\$ (1,765,120)</u>	<u>\$ 890,885</u>	<u>\$ 874,235</u>

See Notes to Financial Statements.

RAGIN' CAJUN FACILITIES, INC.

STATEMENTS OF ACTIVITIES
Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES:			
Rental income	\$ 1,249,714	\$ -	\$ 1,249,714
Contributions	-	175,000	175,000
Interest income	43,319	17,409	60,728
	<u>\$ 1,293,033</u>	<u>\$ 192,409</u>	<u>\$ 1,485,442</u>
EXPENSES:			
Depreciation and amortization	\$ 684,884	\$ -	\$ 684,884
Interest expense	908,556	-	908,556
	<u>\$ 1,593,440</u>	<u>\$ -0-</u>	<u>\$ 1,593,440</u>
Change in net assets - (deficit)	\$ (300,407)	\$ 192,409	\$ (107,998)
Net assets at beginning of year	<u>(1,218,380)</u>	<u>638,145</u>	<u>(580,235)</u>
Net assets at end of year - (deficit)	<u>\$ (1,518,787)</u>	<u>\$ 830,554</u>	<u>\$ (688,233)</u>

See Notes to Financial Statements.

RAGIN' CAJUN FACILITIES, INC.

STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (186,002)	\$ (107,998)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	684,884	684,884
Amortization of deferred bond cost and bond discount included in interest expense	40,538	36,342
Increase in rent and other receivable	(7,973)	(179,586)
Increase (decrease) in accrued interest payable	<u>(3,278)</u>	<u>(2,914)</u>
Net cash provided by operating activities	<u>\$ 528,169</u>	<u>\$ 430,728</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets, net of interest earnings	<u>\$ 702</u>	<u>\$ -</u>
Net cash flows used in investing activities	<u>\$ 702</u>	<u>\$ -</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bonds payable	\$ (380,000)	\$ (370,000)
Proceeds from issuance of debt	11,851,596	-
Payments for bond costs	<u>(144,790)</u>	<u>-</u>
Net cash used in financing activities	<u>\$11,326,806</u>	<u>\$ (370,000)</u>
Net increase in cash	\$11,855,677	\$ 60,728
Cash, beginning of year	<u>2,114,690</u>	<u>2,053,962</u>
Cash, end of year	<u>\$13,970,367</u>	<u>\$ 2,114,690</u>

See Notes to Financial Statements.

RAGIN' CAJUN FACILITIES, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Ragin' Cajun Facilities, Inc. (the "Corporation") is a Louisiana nonprofit corporation chartered in January 2001. Its purpose is to promote, assist and benefit the educational, scientific, research and public service mission of University of Louisiana at Lafayette (the "University"). The objectives of the Corporation are to acquire, construct, develop, manage, lease as lessor or lessee, mortgage and/or convey student housing and other facilities on the campus of the University.

The accompanying financial statements of the Corporation have been prepared on the accrual basis of accounting.

Significant accounting policies:

Allowance for doubtful accounts -

The Corporation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Restricted cash -

The Corporation maintains money market balances and other short-term investments required for financing the costs of the development, design, construction and equipping of new student housing and child care facilities (collectively, the "Facilities") for students, faculty and staff of the University, funding a debt service reserve fund, paying capitalized interest on the bonds, and paying costs of issuance of the bonds, including the premium for the Bond Insurance Policy. These reserved amounts are reflected as restricted cash on the statement of financial position. The funds are held in trust and can only be disbursed in accordance with the trust agreement by the trustee.

These money market funds are not bank deposits or obligations, are not guaranteed by the Bank in trust and are not insured by the FDIC, the Federal Reserve Board, or any other government agency and are collateralized by securities held by the pledging financial institutions trust department, but not in the Corporation's name. These funds are reflected as restricted cash on the statement of financial position.

Cash and cash equivalents -

For the purposes of the statement of cash flows, the Corporation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

Property and equipment -

Purchased property and equipment is recorded at cost at the date of acquisition. Depreciation is computed basis over the estimated useful life of the related assets at rates based on the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	30
Appliances, furniture and equipment	10

Interest on debt issued to finance the construction of the Facilities is capitalized as a part of the project. Investment earnings on temporary investments earned during the construction phase are netted against capitalized interest. All construction costs as of June 30, 2009 are included in construction in progress. When fixed assets are placed in service it is transferred to the respective accounts and depreciated. The Corporation capitalized interest totaling \$1,461,966 on the first phase of the complex. Amortization of capitalized interest is consistent with the depreciation method used for buildings and improvements.

Federal income taxes -

The Corporation qualifies for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Use of estimates -

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

Note 2. Long-Term Debt

Series 2002 revenue bonds with an aggregate principal amount of \$19,065,000 were issued by the Lafayette Public Trust Financing Authority and the proceeds were loaned to the Corporation pursuant to a loan agreement dated October 1, 2002. The purchase price of the bonds was \$18,299,854 which represents the original principal amount, less an underwriter's discount of \$152,520, less net original issue discount of \$332,626, and less the bond insurance premium of \$280,000.

During the 2009 fiscal year, Series 2009 revenue bonds with an aggregate principal amount of \$12,500,000 were issued by the Lafayette Public Trust Financing Authority and the proceeds were loaned to the Corporation pursuant to a loan agreement dated April 14, 2009. The purchase price of the bonds was

NOTES TO FINANCIAL STATEMENTS

\$11,851,595 which represents the original principal amount, less an underwriter's discount of \$105,000, less net original issue discount of \$204,335, and less the bond insurance premium of \$339,070. As part of the loan agreement, \$72,500 was contributed to the project by the University of Louisiana at Lafayette.

Aggregate maturities required on long-term debt, including interest of \$27,116,544 are as follows at June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 395,000	\$ 1,516,932	\$ 1,911,932
2011	410,000	1,529,070	1,939,070
2012	485,000	1,512,360	1,997,360
2013	515,000	1,493,122	2,008,122
2014	570,000	1,471,670	2,041,670
2015-2019	3,965,000	6,864,191	10,829,191
2020-2024	5,245,000	5,739,740	10,984,740
2025-2029	6,770,000	4,214,003	10,984,003
2030-2034	7,550,000	2,201,475	9,751,475
2035-2039	<u>4,200,000</u>	<u>661,200</u>	<u>4,861,200</u>
	<u>\$30,105,000</u>	<u>\$27,203,763</u>	<u>\$57,308,763</u>

Interest of \$142,238 on the Series 2009 bonds were capitalized as construction in progress at June 30, 2009. The amount of capitalized interest was reduced by interest earnings on the undisbursed proceeds in the amount of \$2,012. Amortized bond costs and discounts on the Series 2009 bonds, in the amount of \$6,881, are also included in capitalized interest at June 30, 2009.

Cash payments for interest during the years ended June 30, 2009 and 2008 was \$862,745 and \$875,128, respectively. There were no cash payments for interest on the Series 2009 bonds in the 2009 fiscal year which would otherwise be shown as acquisition of fixed assets on the statement of cash flows.

Note 3. Facilities Lease Agreement

The Corporation entered into agreements to lease the Facilities to the Board of Supervisors of the Louisiana System (the "Board"). The rental payments under this lease are to be paid semiannually (March 15 and September 15) and include a base rental equal to the sum of the principal of premium, if any, and interest due and payable on the bonds on the following April 1 or October 1. The future minimum rental payments to be received as base rental payments are the amounts as reflected in Note 2 above. In addition to the base rental, the Board will pay additional rental of any and all expenses, of every nature, character, and kind whatsoever, incurred by the Corporation, on behalf of the Board, and/or by the Board of Ragin' Cajun Facilities in the management, operation, ownership, and/or maintenance of the Facilities.

NOTES TO FINANCIAL STATEMENTS

Note 4. Ground Lease Agreement

The Corporation entered into an agreement effective October 29, 2002, and subsequently amended, to lease the land on which the Facilities are constructed from the Board. The lease term expires on October 1, 2039. The rent shall be due and paid annually in advance in the sum of \$1 per year.

Note 5. Non-Cash Transactions

Amortization of the original issue discount and the bond issuance costs for the fiscal year ended June 30, 2009 was \$16,953 and \$23,584, respectively, and \$13,143 and \$23,199, respectively, for the June 30, 2008 fiscal year. Amortization of the bond cost and discount are included in interest expense.

Construction in progress, which consists of construction costs of \$344,350 and capitalized interest of \$147,016 at June 30, 2009, consisted of paid construction costs of \$1,400, net of offsetting interest earnings on the bond proceeds of \$2,102. Construction costs of \$342,950 and capitalized interest costs of \$142,238 were accrued at June 30, 2009, and are not reflected in the statement of cash flows. Likewise, amortization of bond discount and costs of \$6,881 included in capitalized interest is excluded from the statement of cash flows.

At June 30, 2009, additional bond costs of \$14,400 were accrued in the financial statements and not included as a component of bond costs in the statement of cash flows. Bond costs and discounts in the amount \$648,405, which were netted against bond proceeds at the time of issuance, are not reflected in the statement of cash flows at June 30, 2009.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL
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To the Board of Directors
Ragin' Cajun Facilities, Inc.
Lafayette, Louisiana

We have audited the financial statements of Ragin' Cajun Facilities, Inc. (a nonprofit organization) as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated September 4, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ragin' Cajun Facilities, Inc.'s internal control as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ragin' Cajun Facilities, Inc.'s financial statements are free of material misstatement, we performed test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of management, others within the Organization, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Bransard, Poche, Lami & Bruy, LLP

Lafayette, Louisiana
September 4, 2009

RAGIN' CAJUN FACILITIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

We have audited the financial statements of Ragin' Cajun Facilities, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated September 4, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2009 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses ___ Yes X No
Reportable Conditions ___ Yes X None reported

Compliance

Compliance Material to Financial Statements ___ Yes X No

Section II - Financial Statement Findings

There were no current year findings reported.

RAGIN' CAJUN FACILITIES, INC.

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2009

Section I. Internal Control and Compliance Material to the Financial Statements

Not applicable.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

Not applicable.