Combined Financial Statements and
Report of Independent Certified Public Accountants

Delaware State University Student Housing Foundation

June 30, 2011 and 2010

Contents

Audit • Tax • Advisory

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
Delaware State University Student Housing Foundation:

We have audited the accompanying combined statements of financial position of the Delaware State University Student Housing Foundation (the Foundation), a component unit of Delaware State University, as of June 30, 2011 and 2010, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Delaware State University Student Housing Foundation as of June 30, 2011 and 2010, and changes in their net assets, and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

New York, New York
May 15, 2012

Delaware State University Student Housing Foundation

COMBINED STATEMENTS OF FINANCIAL POSITION

As of June 30, 2011 and 2010

ASSETS	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	$ 3,117,854	$ 514,059
Tenant security deposits	325,442	311,543
Tenant accounts receivable, net	119,583	277,108
Prepaid expenses	26,468	25,503
Due from affiliate	2,464,016	3,281,019
Assets held in trust	4,648,461	4,282,774
Total current assets	10,701,824	8,692,006
NONCURRENT ASSETS		
Assets held in trust	3,533,128	3,919,237
Capital assets, net	36,687,296	38,103,890
Bond issuance costs, net	676,493	705,336
Total noncurrent assets	40,896,917	42,728,463
Total assets	$ 51,598,741	$ 51,420,469
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Current portion of bonds payable	$ 34,023,326	$ 1,040,000
Accounts payable and accrued expenses	288,083	306,754
Accrued employee compensation	120,509	71,912
Accrued interest	398,191	408,971
Tenant security deposits liability	361,949	337,355
Deferred income	587,535	586,902
Total current liabilities	35,779,593	2,751,894
NONCURRENT LIABILITIES		
Interest rate swap	-	11,204
Bonds payable, net	15,661,449	49,662,919
Total liabilities	51,441,042	52,426,017
COMMITMENTS AND CONTINGENCIES		
NET ASSETS (DEFICIT)		
Unrestricted	157,699	(1,005,548)
Total liabilities and net assets	$ 51,598,741	$ 51,420,469

The accompanying notes are an integral part of these statements.

Delaware State University Student Housing Foundation

COMBINED STATEMENTS OF ACTIVITIES

Years ended June 30, 2011 and 2010

	2011	2010
OPERATING ACTIVITIES		
REVENUES		
Tenant revenue	$ 7,832,405	$ 7,654,862
Auxiliary enterprises and other	2,052,151	2,054,932
Total revenues	9,884,556	9,709,794
EXPENSES		
Housing	6,859,225	6,272,355
General and administrative	466,132	650,463
Depreciation	1,435,785	1,510,481
Total expenses	8,761,142	8,433,299
Excess of operating revenues over expenses	1,123,414	1,276,495
NONOPERATING ACTIVITIES		
Realized and unrealized (loss) gain on investments	(70,376)	199,755
Investment income	110,209	88,086
CHANGES IN UNRESTRICTED NET ASSETS (DEFICIT)	1,163,247	1,564,336
NET DEFICIT - UNRESTRICTED, beginning of year	(1,005,548)	(2,569,884)
NET ASSETS (DEFICIT) - UNRESTRICTED, end of year	$ 157,699	$ (1,005,548)

The accompanying notes are an integral part of these statements.

Delaware State University Student Housing Foundation

COMBINED STATEMENTS OF CASH FLOWS

Years ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in unrestricted net assets	$ 1,163,247	$ 1,564,336
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation	1,435,785	1,510,481
Amortization of bond issuance costs	28,843	28,577
Accretion of bond discount	21,856	21,856
Bad debt expense	229,258	87,482
Net realized and unrealized loss (gain) on investments	70,376	(199,755)
Change in fair value of interest rate swap	-	11,204
Changes in assets and liabilities:		
Tenant security deposits	(13,899)	(1,156)
Tenant accounts receivable	(71,733)	13,607
Interest receivable	-	11,629
Prepaid expenses	(965)	419
Due from affiliate	817,003	(3,250,369)
Accounts payable and accrued expenses	(18,671)	(464,351)
Accrued employee compensation	48,597	27,673
Due to affiliate	-	(1,458,519)
Accrued interest	(21,986)	(5,902)
Tenant security deposits liability	24,594	668
Deferred income	633	36,980
Net cash provided by (used in) operating activities	3,712,938	(2,065,140)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(19,191)	(21,598)
Net cash used in investing activities	(19,191)	(21,598)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of bonds payable	(1,040,000)	(935,000)
Change in assets held in trust	(49,952)	(338,386)
Net cash used in financing activities	(1,089,952)	(1,273,386)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,603,795	(3,360,124)
CASH AND CASH EQUIVALENTS, beginning of year	514,059	3,874,183
CASH AND CASH EQUIVALENTS, end of year	$ 3,117,854	$ 514,059
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 969,919	$ 909,889

The accompanying notes are an integral part of these statements.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity

Delaware State University Student Housing Foundation (the Foundation) was organized as a non-profit corporation under the laws of the State of Delaware for the purpose of acquiring, developing, constructing, and operating student housing facilities primarily for students and faculty at the Delaware State University (the University). The property is located in Dover, Delaware and consists of three phases, collectively known as Phases I, II and III, with a combined total of 1,044 beds. The Foundation is considered to be a discretely presented component unit of the University, which is reported in the University's Comprehensive Annual Financial Report.

The Foundation is a non-profit corporation formed under the laws of the State of Delaware and exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. The Foundation was created and operates for the purpose of providing housing facilities primarily for the students and faculty at the University. Delaware State University Student Housing Foundation Phases I and II and Delaware State University Student Housing Foundation Phase III are exempt from federal income tax under separate 501(c)(3) determinations.

2. Basis of Presentation

The accompanying combined financial statements of the Foundation have been prepared under the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Foundation's financial statements present the assets, liabilities, net assets, changes in net assets and cash flows of the Foundation, which constitute Phases I, II and III of a three-phase apartment complex. All intercompany transactions are eliminated.

3. Cash Equivalents

The Foundation defines cash and cash equivalents as those assets with a maturity date of three months or less at the time of purchase.

4. Tenant Accounts Receivable and Allowance for Doubtful Accounts

Tenant accounts receivable represent amounts due from students for dormitory rent. The Foundation's allowance for doubtful accounts is provided based upon management's judgments, including such factors as previous collection history and characteristics of the receivables. The Foundation writes-off receivables when they become uncollectible, and payments subsequently received, if any, on such receivables are credited to the allowance for doubtful accounts. At June 30, 2011 and 2010, the allowance was $641,608 and $412,350, respectively.

5. Affiliate Transactions

In an arrangement with the University, the University provides day-to-day management and accounting services, which also include additional services such as: security, operational support, utilities, telecommunications and shared dining facilities. The exchange of such services results in affiliate transactions, which are recorded as incurred on the Foundation's combined statements of financial position.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Assets Held in Trust

Assets held in trust are under the control of outside bond trustees and represent reserves for the payment of principal and interest due on the bonds. These funds are invested, and investment income and gains and losses are recorded in the accompanying combined statements of activities.

7. Capital Assets

Buildings, furniture, fixtures and equipment are recorded at cost or, if received by gift at fair value, on the date of donation, and are depreciated over the estimated useful life of the respective asset. Depreciation is computed using the straight-line method. Estimated useful lives used for depreciation purposes are forty years for buildings, ten to forty years for improvements, and seven years for equipment.

8. Bond Issuance Costs

Costs incurred with the issuance of the Foundation's bonds are amortized over the lives of the bonds. As such, accumulated amortization for such issuance costs at June 30, 2011 and 2010 was $269,980 and $241,137, respectively.

9. Deferred Income

Deferred income consists primarily of funds that are received prior to the beginning of the rental term. As such, it is the Foundation's policy to recognize these balances over the course of the period that the service is rendered.

10. Unrestricted Net Assets

None of the Foundation's net assets (deficit) is subject to donor-imposed restrictions. Accordingly, all resources are accounted for as unrestricted, in accordance with accounting principles generally accepted in the United States of America.

The Foundation had net assets of $157,699 and a net deficit of $1,005,548 for the years ended June 30, 2011 and 2010, respectively. The fiscal 2011 net assets resulted from higher tenant revenue, no outstanding capital leases, and a reduction in interest rate swap payments.

The Foundation and the University are continuously monitoring the expenses of the apartments, resulting in a significant reduction in the deficit since the University assumed responsibility for the management of these facilities. The Foundation continues to complete regularly scheduled facility maintenance to avoid major repair costs.

11. Tenant Revenue

Tenant revenue is derived from on-campus students who are generally contracted under annual dormitory lease arrangements. Tenant revenue is recognized ratably on a monthly basis, in accordance with the University's operating cycle.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Income Taxes

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Delaware, the Foundation is exempt from taxes on income other than unrelated business income, if any.

The Foundation recognizes or derecognizes a tax position based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Foundation does not believe its combined financial statements include any material uncertain tax positions.

13. Concentration of Credit Risk

The Foundation's financial instruments, which are exposed to concentrations of credit risk, consist primarily of cash and cash equivalents and assets held in trust. These funds are held in various high-quality financial institutions. Additionally, the Foundation maintains its cash and cash equivalents in financial institutions, which at times exceed federally insured limits. The Foundation believes that concentrations of credit risk are limited to its cash and cash equivalents and assets held in trust.

14. Operations

The accompanying combined statements of activities distinguish between operating and nonoperating activities. Operating activities primarily include all revenues and expenses that are an integral part of the Foundation's direct activities. Amounts not included in the measure of operations consist of investment returns and other activities, if any, considered by management to be of a nonrecurring nature.

15. Use of Estimates

The preparation of combined financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts, and useful lives of fixed assets. Actual results could differ from these estimates.

NOTE B - ASSETS HELD IN TRUST

Assets held in trust represent funds held by the Bond Trustee and consist of cash, money market accounts, and securities that are primarily issued by the U.S. Government. These investments are stated at fair value as determined by market quotations. Under the terms of the Trust Indenture, various funds such as Construction, Bond, Capitalized Interest and Debt Service are required to be established and maintained for the Foundation.

NOTE B - ASSETS HELD IN TRUST - Continued

The respective bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum bond coverages.

At June 30, 2011 and 2010, funds held by the trustee on behalf of the Foundation consisted of:

	PHASES I and II (2004A)		PHASE III (2004B & C)		Total	
	2011	2010	2011	2010	2011	2010
Construction	$ -	$ -	$ 223,138	$ 223,138	$ 223,138	$ 223,138
Principal account	390,000	380,000	-	-	390,000	380,000
Bond fund interest	-	-	572	572	572	572
Capitalized fees	-	-	120	120	120	120
Debt service reserve	1,374,351	1,365,060	2,765,331	2,734,808	4,139,682	4,099,868
Capitalized interest	394,897	400,976	844	844	395,741	401,820
Operating reserve	298,192	298,192	-	-	298,192	298,192
Qualified exchange	-	-	509,887	597,046	509,887	597,046
Reimbursement account	-	-	1,631,749	1,608,747	1,631,749	1,608,747
Bond replacement	-	-	478,874	478,874	478,874	478,874
Issuing exchange account	24,494	24,494	16,655	16,655	41,149	41,149
Rebate account	-	-	258	258	258	258
Renewal/replacement	72,227	72,227	-	-	72,227	72,227
	2,554,161	2,540,949	5,627,428	5,661,062	8,181,589	8,202,011
Less current portion	(1,473,917)	(1,239,282)	(3,174,544)	(3,043,492)	(4,648,461)	(4,282,774)
Total noncurrent	$ 1,080,244	$ 1,301,667	$ 2,452,884	$ 2,617,570	$ 3,533,128	$ 3,919,237

Fair value and cost consisted of the following at June 30, 2011 and 2010:

	2011		
	Fair value	Cost	Unrealized loss
Cash and cash equivalents	$ 4,648,461	$ 4,648,461	$ -
Government and agencies	3,533,128	3,575,838	(42,710)
Total	$ 8,181,589	$ 8,224,299	$ (42,710)

NOTE B - ASSETS HELD IN TRUST - Continued

	2010		
	Fair value	Cost	Unrealized loss
Cash and cash equivalents	$ 4,282,774	$ 4,282,774	$ -
Government and agencies	3,919,237	4,055,844	(136,607)
Total	$ 8,202,011	$ 8,338,618	$ (136,607)

Maturities of long-term investments held in trust were as follows:

	June 30, 2011	
	Fair value	Cost
1 - 5 years	$ 2,203,249	$ 2,200,000
Greater than 5 years	1,329,879	1,375,838
	$ 3,533,128	$ 3,575,838

The Foundation 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, and establishes a framework for measuring fair value. Fair value measurements are applied based on the unit of account from the reporting entity's perspective. The unit of account determines what is being measured by reference to the level at which the asset or liability is aggregated (or disaggregated) for purposes of applying other accounting pronouncements.

The Foundation uses a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The assets held in trust, which were comprised of cash and cash equivalents and government and agency securities, were the only financial assets carried at fair value as of June 30, 2011 and 2010. These items were valued using a market approach with Level 1 inputs. The interest rate swap, which was in effect for the year ended June 30, 2010, was valued using Level 2 inputs and a market approach and, was the only financial liability carried at fair value.

NOTE C - CAPITAL ASSETS, NET

Capital asset activity of the Foundation is as follows:

	2011	2010
Capital assets		
Buildings and improvements	$ 44,855,622	$ 44,847,631
Equipment	3,058,707	3,047,507
Land improvements	329,701	329,701
Total capital assets	48,244,030	48,224,839
Less accumulated depreciation		
Buildings and improvements	8,300,977	7,101,627
Equipment	3,255,757	3,019,322
Total accumulated depreciation	11,556,734	10,120,949
Total capital assets, net	$ 36,687,296	$ 38,103,890

NOTE D - BONDS PAYABLE, NET

The Foundation's bonds payable consisted of the following:

	2011	2010
Tax-exempt Series 2004A term bonds dated January 21, 2004; due at various intervals through July 1, 2034, payable in semi-annual installments of interest and annual installments of principal; various fixed coupon rates, ranging from 2.00% to 5.125%, as defined in the trust indenture, are secured by deed and assignment of rents.	$16,335,000	$ 16,715,000
Tax-exempt Series 2004B term bonds dated January 21, 2002; due at various intervals through July 1, 2036, payable in semi-annual installments of interest and annual installments of principal; variable rates were 1% at June 30, 2011 and 3% at June 30, 2010, 2004B Bonds are secured by deed and assignment of rents.	33,870,000	34,530,000
	50,205,000	51,245,000
Less current portion	(34,023,326)	(1,040,000)
Less bond discount (net of accumulated amortization of $154,568 and $132,712, respectively)	(520,225)	(542,081)
Total bonds payable, net	$ 15,661,449	$ 49,662,919

NOTE D - BONDS PAYABLE, NET - Continued

Pursuant to the trust indenture dated January 1, 2004, proceeds from the sale of the 2004A Bonds are restricted to refunding the Series 2000A and 2002A Bonds, to fund a debt service reserve fund for the 2004A Bonds, to fund an operating reserve fund for the 2004A Bonds, and to pay a portion of the costs of issuance of the 2004A Bonds.

Pursuant to the trust indenture dated January 1, 2004, proceeds from the sale of the Series 2004 Bonds are restricted to financing the construction, furnishing, and equipping the Foundation, to defease in advance of their maturities, the Series 2000B and 2002B Bonds, to fund interest on the Series 2004 Bonds during construction, to fund a debt service reserve fund for the 2004B Bonds, and to pay a portion of the costs of issuance of the Series 2004 Bonds.

The 2004B Bonds bear interest at a variable rate per annum as determined weekly by the remarketing agent. If the 2004B Bonds are submitted to the Foundation for tender, they are remarketed by the remarketing agent on a best-efforts basis. If tendered 2004B Bonds are not remarketed, a liquidity facility is in place to cover the bonds payable. The liquidity facility expired in January 2012 and was not renewed as the 2004 B Bonds were refinanced effective March 1, 2012 (Note J).

Under the terms of its various debt agreements, the Foundation is required to comply with various financial covenants associated with these bonds and was required to maintain an interest rate swap agreement with respect to the 2004B Bonds through January 2011.

Maturities of long-term debt are as follows:

Year ending June 30,	Principal
2012	$ 34,260,000
2013	405,000
2014	420,000
2015	435,000
2016	455,000
Thereafter	14,230,000
Total	$ 50,205,000

Fair Value

The fair value of long-term debt is estimated based on currently published rates for debt obligations with similar characteristics. At June 30, 2011 and 2010, the carrying amounts and estimated fair values of bonds outstanding and subordinated debt were as follows:

	2011		2010	
	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Series 2004A	$ 16,335,000	$ 13,765,535	$ 16,715,000	$ 13,933,440
Series 2004B	33,870,000	33,870,000	34,530,000	34,530,000
Total	$ 50,205,000	$ 47,635,535	$ 51,245,000	$ 48,463,440

NOTE E - INTEREST RATE SWAP AGREEMENT

The Foundation has an interest rate exchange agreement (Swap Contract) in order to hedge a portion of its interest rate exposure on tax exempt bonds. The Foundation pays to a financial institution (the Counterparty) a fixed rate, and the Counterparty will pay to the Foundation a variable rate (based on an index). The Foundation's Swap Contract contains certain derivative risks, including tax and/or basis risk, counterparty risk, collateral risk and termination risk, among others. The Foundation entered into the Swap Contract to hedge interest rate exposure and not for speculative purposes.

In February 2010, the Foundation entered into an interest rate swap agreement in order to hedge interest rate exposure on the underlying bonds. Due to the impending refinancing of the 2004 B bonds, the interest rate swap requirement was waived subsequent to its January 2011 maturity. The swap agreement had a fair value liability of $11,204 at June 30, 2010, which was reflected in the consolidated statement of financial position.

The swap agreements follow:

	Notional amount	Start date	Maturity date	Fixed rate	Floating rate
Municipal Swap Index	$ 34,530,000	02/01/2010	06/30/2010	0.68%	USD/SIFMA
Municipal Swap Index	$ 33,870,000	07/01/2010	01/22/2011	0.68%	USD/SIFMA

NOTE F - RELATED PARTY TRANSACTIONS

On February 1, 2002, the Foundation (lessee) and the University (lessor) entered into an amendment of the original ground lease dated September 1, 2000, for Phases I and II of the respective dormitory project (Courtyard). Pursuant to the amended ground lease, the term expiration date was changed from August 31, 2035 to October 1, 2038. The liability of the lessee, with respect to its obligations under the ground lease, was affirmed as non-recourse, and the satisfaction of any of the lessee's obligations is limited to the lessee's interest in the property. The Phases I and II ground lease agreement also requires the utilization of the dormitory by students and faculty of the University for a minimum of 38 years. At the end of the lease date, the property reverts to the ownership of the University. No rental payments are due for the next five years under this agreement.

In addition, on November, 23, 2003, the lessee and the lessor entered into a ground lease for the construction of Phase III of the respective dormitory project (Village). Pursuant to the Phase III ground lease, the term commenced on November 25, 2003 and expires on July 31, 2036. The liability of the lessee, with respect to its obligations under the ground lease, was affirmed as non-recourse, and the satisfaction of any of the lessee's obligations is limited to the lessee's interest in the property. The Phase III ground lease agreement also requires the utilization of the dormitory by students and faculty of the University for a minimum of 35 years. At the end of the lease date, the property reverts to the ownership of the University.

NOTE G - COMMITMENTS AND CONTINGENCIES

1. Operating Leases

The Foundation maintains operating leases for washers, dryers and copying equipment. For each of the years ended June 30, 2011 and 2010, related rental expense amounted to $53,280. Expected operating lease costs over the next two years are anticipated as follows:

2012	$ 53,280
2013	53,280

2. Contingencies

In the normal course of its activities, the Foundation is a party to various legal and administrative actions. After taking into consideration legal counsel's evaluation of pending actions and information relative to potential future claims based on past events, the Foundation is of the opinion that the outcome thereof will not have a material effect on the combined financial statements.

NOTE H - PENSION PLAN AND OTHER POST-RETIREMENT BENEFITS

University Student Housing Foundation employees are covered under the State Employees' Pension Plan. The State Employees' Pension Plan is a cost-sharing, multiple-employer-defined benefit plan. The State contribution was 17.2% of the employees' salary for 2011. The employees contribute 3.00% of salary in excess of $6,000. Pension cost of $71,988 for 2011 and $59,866 for 2010 included in the accompanying combined financial statements. An employee vests pension rights after five consecutive years of service. Certain significant plan provisions are as follows:

- Early retirement:
  - 15 years of service - age 55 (benefits are reduced by 0.2% each month under age 60)
  - 25 years of service - any age (reduce by 0.02% each month short of 30 years)

- Service Retirement:
  - 15 years of service - age 60
  - 30 years of service - any age
  - 5 years of service - age 62

- Disability retirement:
  - 5 years of service and proof of disability

The State Employees' Pension Plan is part of the Delaware Public Employees' Retirement System, which is a blended component unit of the State of Delaware. More information can be obtained from the Delaware Public Employees' Retirement System Comprehensive Annual Report. To obtain this report, contact the Office of Pensions at McArdle Building, Suite #1, 860 Silver Lake Boulevard, Dover, DE 19904-2402, or call 1-800-722-7300.

NOTE J - SUBSEQUENT EVENTS

The Foundation evaluated its June 30, 2011 combined financial statements for subsequent events through May 15, 2012, the date the combined financial statements were available to be issued. Based upon the Foundation evaluation, management determined that the following subsequent events met the criteria for disclosure.

The Board of Trustees of the Foundation agreed to allow Delaware State University to re-finance the 2004B bonds, which was completed on March 1, 2012, thereby entering into a fixed rate structure. The Project did not enter into a new letter of credit agreement due to the impending re-financing of the 2004B bonds thus the long-term portion of the bond liability was classified as current. The University also exercised its right to purchase the Project by paying the current debt of the Project. Settlement occurred on March 1, 2012.