LANDER UNIVERSITY

REPORT ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2009

State of South Carolina

Office of the State Auditor

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COLUMBIA, S.C. 29201

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DEPUTY STATE AUDITOR

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September 29, 2009

The Honorable Mark Sanford, Governor
and
Members of the Board of Trustees
Lander University
Greenwood, South Carolina

This report on the audit of the basic financial statements of Lander University and the accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit* Organizations, for the fiscal year ended June 30, 2009, was issued by Elliott Davis, LLC, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/cwc

LANDER UNIVERSITY
GREENWOOD, SOUTH CAROLINA

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Elliott Davis

Elliott Davis, LLC
Accountants and Business Advisors

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Mr. Richard H. Gilbert, Jr., CPA, Interim State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Lander University (the University), a department of the State of South Carolina, as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. 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 basic 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the University are intended to present the financial position, and the changes in financial position and cash flows, of only that portion of the business-type activities of the State of South Carolina that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of South Carolina as of June 30, 2009, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2009, and the changes in financial position and cash flows thereof for the year 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 our report dated September 29, 2009 on our consideration of the University'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 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.

Management's discussion and analysis on pages 3 - 9 is not a required part of the basic financial statements, but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Elliott Davis, LLC

Greenwood, South Carolina
September 29, 2009

Overview of the Financial Statements and Financial Analysis

Lander University is pleased to present its financial statements for fiscal year 2009. Condensed statements for fiscal years 2008 and 2009 will be presented in this section for comparative purposes. However, the emphasis of discussions about these statements will be on current year data. While maintaining financial health is crucial to the long-term viability of the University, the primary mission of a public institution of higher education is to provide education, research, and public service. Therefore, net assets are accumulated only as required to ensure that there are sufficient reserve funds for future operations.

This report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Colleges and Universities.* These statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole.

There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. These statements present financial information in a format similar to that used by private corporations. The University's net assets (the difference between assets and liabilities) are one indicator of the improvement or erosion of the University's overall finances when considered with non-financial facts such as enrollment levels and the condition of the facilities.

In addition, the financial statements contain a statement of net assets and statement of activities for The Lander Foundation, a discretely presented component unit. The Foundation's separately issued financial statements are audited by independent auditors retained by the Foundation.

This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the University as of the end of the fiscal year. The purpose of the Statement of Net Assets is to present a fiscal snapshot of Lander University. The Statement of Net Assets presents end-of-year data concerning assets (property owned by the University and debts owed by others to the University), liabilities (debts owed to others and funds collected from others prior to the University providing service/goods), and net assets (assets minus liabilities). It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to the University, regardless of when cash is exchanged.

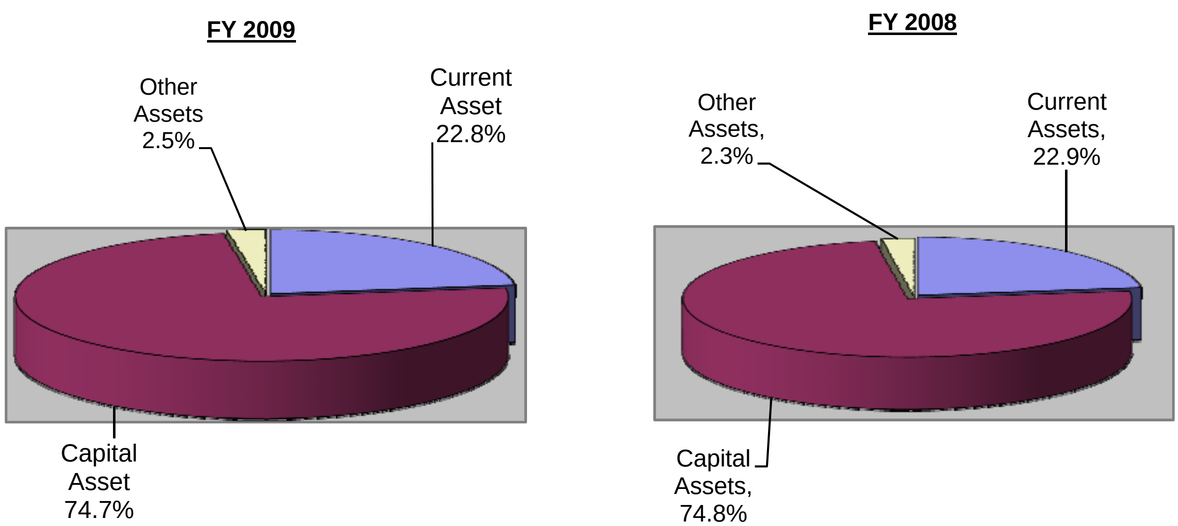
The Statement of Net Assets provides data that identifies the assets available to continue the operations of the University as well as how much the University owes vendors, investors, and lending institutions. Finally, the Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditure by the institution.

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, provides the institution's equity in property, plant, and equipment owned by the institution. The next asset category is expendable restricted net assets. Expendable restricted net assets are available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted assets are available to the institution for any lawful purpose of the institution. Although unrestricted net assets are not subject to externally imposed stipulations, substantially all of the University's unrestricted net assets have been designated for various academic programs and initiatives.

Condensed Summary of Net Assets

Assets:	2009	2008	Increase/ Decrease	Percent Change
Current assets	$ 16,463,392	$ 16,011,026	452,366	2.83%
Capital assets, net	53,949,364	55,800,152	(1,850,788)	-3.32%
Other assets	1,773,423	1,715,952	57,471	3.35%
Total Assets	72,186,179	73,527,130	(1,340,951)	-1.82%
Liabilities:				
Current Liabilities	3,613,781	4,195,037	(581,256)	-13.86%
Noncurrent Liabilities	17,306,044	18,488,868	(1,182,824)	-6.40%
Total Liabilities	20,919,825	22,683,905	(1,764,080)	-7.78%
Net Assets:				
Invested in capital assets, net of debt	38,835,743	40,329,168	(1,493,425)	-3.70%
Restricted-expendable	808,111	1,249,940	(441,829)	-35.35%
Unrestricted	11,622,500	9,264,117	2,358,383	25.46%
Total Net Assets	$ 51,266,354	$ 50,843,225	423,129	0.83%

LANDER UNIVERSITY
ANALYSIS OF ASSETS



As of June 30, 2009, the University assets were $72,196,179. The Total Assets of the University decreased over last fiscal year by .83%. A review of the Statement of Net Assets reveals the decrease is contributed to the decline in additions to net capital assets**.** Projects during the 2009 fiscal year all fell below the capitalization level.

Current liabilities decreased 13.86% over the prior year. Other liabilities, including accrued compensated absences and campus specific debt, decreased by 6.4%, primarily due to debt repayment and increased usage of vacation leave balances.

The combination of these elements yields an increase in Net Assets of $423,127 or .83%.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and expenses incurred during the year as either operating or non-operating activities. All things being equal, a public University's dependency on state aid and gifts will result in operating deficits. The GASB requires state appropriations and gifts to be classified as non-operating revenues. The utilization of long-lived assets, referred to as capital assets, is reflected in the financial statements as depreciation, which amortizes the cost of an asset over its expected useful life.

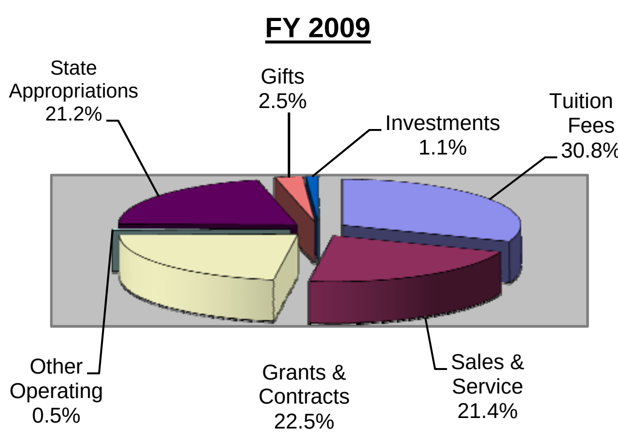
Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution.

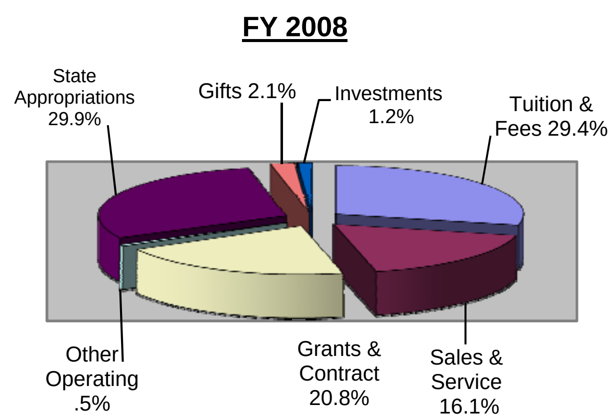
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided.

Condensed Summary of Revenues, Expenses and Changes in Net Assets

	2009	2008	Increase/ (Decrease)	Percent Change
Operating Revenues:				
Student tuition and fees	$ 12,682,576	$ 11,562,894	$ 1,119,682	9.68%
Sales and services	8,845,222	6,383,038	2,462,184	38.57%
Grants and contracts	9,326,553	8,237,153	1,089,400	13.23%
Other operating revenues	221,907	204,189	17,717	8.68%
Total operating revenues	31,076,258	26,387,274	4,688,983	17.77%
Operating Expenses:				
Compensation and Benefits	23,528,995	23,361,369	167,626	0.72%
Supplies and Services	11,594,044	10,712,089	881,956	8.23%
Scholarships and Fellowships	2,582,389	2,317,611	264,778	11.42%
Depreciation and amortization	2,479,539	2,440,319	39,220	1.61%
Total operating expenses	40,184,967	38,831,388	1,353,580	3.49%
Operating loss	(9,108,709)	(12,444,114)	3,335,403	-26.80%
Nonoperating Revenues (Expenses):				
State Appropriations	8,756,048	11,832,939	(3,076,891)	-26.00%
State Grants and Contracts	6,508	8,739	(2,231)	-25.53%
Gifts	1,043,252	823,303	219,949	26.72%
Investment income	480,065	492,796	(12,731)	-2.58%
Other expense	(63,540)	-	(63,540)	100.00%
Loss on disposal of assets	(14,404)	-	(14,404)	100.00%
Interest expense	(676,091)	(650,803)	(25,288)	3.89%
Total nonoperating revenues (expenses)	9,531,838	12,506,974	(2,975,136)	-23.79%
Change in Net Assets	423,129	62,860	360,267	573.13%
Net Assets, Beginning of Year	50,843,225	50,780,365	62,860	0.12%
Net Assets, End of Year	$ 51,266,354	$ 50,843,225	$ 423,127	0.83%

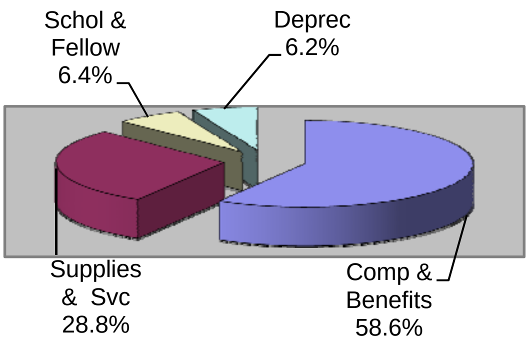
LANDER UNIVERSITY
REVENUE ANALYSIS



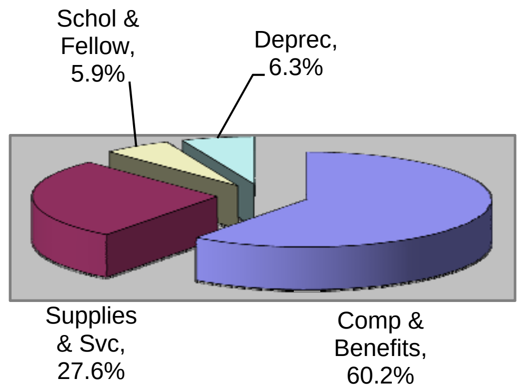


LANDER UNIVERSITY
EXPENDITURE ANALYSIS

FY 2009



FY 2008



The Condensed Summary of Revenues, Expenses and Changes in Net Assets reflect a positive year with an increase in Net Assets at the end of the year. Some highlights of the information presented in this Summary follow.

Tuition was increased in fiscal year 2009 by 8.5% in an effort to offset declining State Appropriations. The University continues to rely more heavily on tuition and fees and other revenues to cover operational costs. Over the past decade, State Appropriations have continually declined, shrinking from about 43% of Lander's annual budget in fiscal year 2000 to less than 22% in fiscal year 2009, leaving tuition and auxiliary sources to fill the financial gap.

Projects Lander University was able to begin despite the State Appropriations cuts include: The Learning Center re-roofing, Information Technology relocation, and Chipley Hall renovation.

The Learning Center reroofing project received Phase I approval allowing assessments of the roof. Phase II approval anticipated on December 15th will allow the construction phase of the project to begin. State politics and funding constraints reduced the number of Budget and Control Meetings significantly creating a backlog of projects throughout the state. Funding for this project will come from the Federal Stimulus money of $1.4 million. The reroofing project consists of design, preparation, materials and labor to install a new roof on the Learning Center building. The estimated completion date for this project is Fall 2010.

The Information Technology center is being relocated to the lower level of the Jackson Library. While this area provides a more secure space for the campus technology infrastructure, this move will also bring all the IT employees together in one central location, rather than in three different areas of campus. The renovation includes redesign of the Library's lower level, designing a new security entrance for the IT area, new offices, and a secure server room. These improvements will be made in phases over the next two years with funding coming from the institutional capital reserve fund. The project work is divided between in house efforts and outside contractors.

Another project on the horizon is the renovation of Chipley Hall Dorm. Phase I approval has been received from Budget and Control Board with the construction phase on hold until the December 15th meeting for approval of Phase II. Funding for this project is from the Institutional Housing Renovation Fund. This renovation includes ADA compliance, a new roof, updated fire alarm system, reworking of the suites, corridors and restrooms, and the addition a sprinkler system. This project has an estimated completion date of Fall 2012.

Statement of Cash Flows

The final statement presented is the Statement of Cash Flows which presents detailed information about the cash activity of the institution during the year. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities and with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Assets.

Debt Administration

The University's financial statements indicate $15,995,000 in bonds payable at June 30, 2009. The bonded indebtedness consisted of General Obligation Bonds of $15,300,000 and a Revenue Bond totaling $695,000. General Obligation Bonds are obligations of the State of South Carolina and are secured as to principal and interest by a pledge of full faith, credit, and taxing power of the State and are paid with tuition and matriculation fees. Revenue bonds issued for student and faculty housing, plant improvement, parking and various auxiliary facilities are paid with pledged net revenues and special imposed student fees.

For additional information on Debt Administration, see Notes 10 and 11 in the notes to the financial statements.

Economic Outlook

The University is aware of a potential cut in state appropriations of up to 10% in fiscal year 2010. Lander’s contingency plan to absorb this reduction includes budgeted contingencies, continued restrictions on noncritical purchases and travel, continuous review of open and non-critical positions to include post-TERI employees and finally a potential furlough.

On a brighter note, Lander University is excited to report for the Fall 2009, FTE enrollment is projected to be up by more than 10%. In addition housing needs top 1200 with Lander’s existing capacity short more than 100 beds. To cover the shortfall in housing, Lander entered into a lease, with the option to buy The Inn on the Square, an upscale hotel in the heart of Uptown Greenwood. The hotel which was days from closing will house 100 students. In addition, McGhee Court Apartments was leased through The Lander Foundation and its single member corporation, Lander RWS Properties, LLC. This complex located adjacent to the RWS Complex will house 32 students. The remaining students are currently on a housing waiting list. A housing master plan is scheduled to begin in September, who knows a new resident hall may be in Lander’s near future.

The University is anxiously awaiting the completion of the current numerous projects that are underway.

Another exciting adventure for Lander University in fiscal year 2009 is the Equestrian Center. A bold partnership between Lander University, The Lander Foundation and the Burton Center will soon be bringing the benefits of a unique form of therapy to the Greenwood area. Construction is under way on the Lander University Equestrian Center, and in addition to being home to the university’s equestrian team, the 37-acre center will house facilities for hippo therapy and therapeutic riding programs for Burton Center consumers and others with disabilities and special needs in the community. The center’s buildings, stables and riding trails will also serve as a dynamic learning environment for equine-related academic opportunities. Construction on the center began in August and will be divided into phases. The first phase, completed in time for the fall 2009 semester, includes an arena, pasture and team barn, designed by Heaner Engineering partnering with Morton Builders. Later phases will include a therapeutic riding complex, covered arena, a second team barn, classroom space and additional pastures. Funding for the project will be rolled into the funding package for Lander’s Recreation, Wellness and Sports Complex.

Construction on another long awaited project is scheduled to begin in September 2009, Lander's Recreation, Wellness and Sports Complex. The Lander Foundation purchased, on behalf of the University, Greenwood Shopping Plaza located on Montague Avenue, a mere one-tenth of a mile from the core campus. In FY09 demolition of all necessary buildings in the Plaza has been completed, leaving an empty lot for the new baseball and softball stadiums, soccer field, two intramural fields, twelve tennis courts, perimeter walking trail, athletic fieldhouse, and an existing wellness facility. The Foundation contracted with Neal Prince Architects to deliver architectural renderings showing the property developed into a Wellness, Recreational and Sports Complex. Partnerships have been developed with city, county and corporate entities, thus allowing the area to be available to the Greenwood community.

Even with a devastating 26.0% or $2,730,722 cut in state appropriation in 2009, the University was able to generate a small increase in Net Assets. The University anticipates fiscal year 2010 will see additional cuts and has prepared accordingly. With the significant increase in enrollment coupled with the board approved tuition increase of 4.53% for fiscal year 2010 Lander is well positioned to make smart choices and maintain its ability to react to unknown internal and external issues.

More Information

This financial report is designed to provide a general overview of Lander University's finances and demonstrate the institution's accountability for the money it receives. Any questions about this report or requests for information may be addressed to the Controller, Lander University, 320 Stanley Avenue, Greenwood, South Carolina 29649.

LANDER UNIVERSITY
STATEMENT OF NET ASSETS
JUNE 30, 2009

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 13,547,827
Restricted cash and cash equivalents	856,165
Accounts receivable - net of allowance for doubtful accounts of $80,808	1,094,511
Interest receivable	342,710
Inventories	308,756
Prepaid items	313,423
Total current assets	16,463,392
NONCURRENT ASSETS	
Restricted assets	
Cash and cash equivalents	226,465
Student loans receivable	1,546,958
Capital assets not being depreciated	3,018,074
Capital assets - net of accumulated depreciation	50,931,290
Total noncurrent assets	55,722,787
Total assets	**$ 72,186,179**
LIABILITIES	
CURRENT LIABILITIES	
Accounts and retainages payable	$ 180,840
Accrued payroll and related liabilities	641,698
Accrued interest payable	61,672
Long-term liabilities - current	1,655,136
Other deposits	24,248
Deferred revenues	1,050,187
Total current liabilities	3,613,781
NONCURRENT LIABILITIES	
General obligation bonds	14,600,000
Premium on bonds	31,216
Revenue bonds	480,000
Accrued compensated absences	483,925
Perkins Loan Program - Federal liability	1,479,593
Deferred revenues	231,310
Total noncurrent liabilities	17,306,044
Total liabilities	**$ 20,919,825**
NET ASSETS	
Invested in capital assets, net of related debt	$ 38,835,743
Restricted for:	
Expendable:	
Grants and contracts	447,017
Loans	296,057
Capital projects	64,732
Debt service	305
Unrestricted	11,622,500
Total net assets	**$ 51,266,354**

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

LANDER UNIVERSITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the year ended June 30, 2009

REVENUES	
Operating revenues	
Student tuition and fees (net of scholarship allowances of $9,947,466)	$ 12,682,576
Federal grants and contracts	4,126,413
State grants and contracts	5,107,087
Non-governmental grants and contracts	93,053
Sales and services of educational and other activities	361,065
Sales and services of auxiliary enterprises (pledged for debt service)	8,484,157
Other fees	221,907
Total operating revenues	31,076,258
EXPENSES	
Operating expenses	
Compensation	18,175,915
Employee benefits	5,353,080
Supplies and services	11,594,045
Scholarships and fellowships	2,582,389
Depreciation and amortization	2,479,539
Total operating expenses	40,184,968
Operating loss	(9,108,710)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	8,756,048
State grants and contracts	6,508
Private gifts	1,043,253
Investment income	480,065
Other expense	(63,540)
Net loss on disposal of assets	(14,404)
Interest on capital assets-related debt	(676,091)
Net nonoperating revenues	9,531,839
Increase in net assets	423,129
NET ASSETS, BEGINNING OF YEAR	50,843,225
NET ASSETS, END OF YEAR	**$ 51,266,354**

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

LANDER UNIVERSITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 13,048,111
Federal grants and contracts	4,417,059
State grants and contracts	5,030,894
Non-governmental grants and contracts	93,053
Sales and services of educational and other activities	361,065
Auxiliary enterprises	8,548,601
Other fees	222,758
Payments to suppliers	(14,789,462)
Payments to employees	(23,664,094)
New loans to students	(117,408)
Collection of loans	156,108
Net cash used for operating activities	(6,693,315)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	8,756,048
State grants and contracts	6,508
Private gifts	555,059
Net cash provided by noncapital financing activities	9,317,615
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Premium on bonds	(2,243)
Proceeds from sale of capital assets	167,887
Purchases of capital assets	(811,044)
Principal paid on debt obligations	(895,000)
Interest paid	(679,940)
Net cash used for capital and related financing	(2,220,340)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	274,617
Net cash provided by investing activities	274,617
Net change in cash and cash equivalents	678,577
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,951,880
CASH AND CASH EQUIVALENTS, END OF YEAR (including $1,082,630 restricted cash and cash equivalents)	**$ 14,630,457**
RECONCILIATION	
Operating loss	$ (9,108,710)
Adjustments to reconcile operating loss to net cash used for operating activities	
Depreciation and amortization	2,479,539
Allowance for uncollectible accounts	1,854

(Continued)

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

LANDER UNIVERSITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2009

RECONCILIATION, Continued

Changes in assets and liabilities:	
Accounts receivable	655,178
Inventories	(96,515)
Prepaid items	146,178
Student loans receivable	38,700
Payables	(625,510)
Deferred revenues	(76,193)
Deposits	64,444
Compensated absences	(172,280)
Cash flows used for operating activities	**$ (6,693,315)**

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

THE LANDER FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

ASSETS	
Cash and cash equivalents	$ 2,038,422
Accounts receivable	55,270
Net unconditional promises to give	1,620,515
Investments	8,823,576
Split - interest agreements	726,317
Investments held for others	13,014
Investments in real estate	679,970
Other investments	2,000
Land, buildings and equipment - net	7,300,698
Total assets	**$ 21,259,782**

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts payable - Related parties	$ 492,867
Accounts payable - Other	500,000
Funds held for others	13,014
Long-term debt	5,688,470
Actuarial liability of annuities payable	305,248
Total liabilities	6,999,599
NET ASSETS	
Unrestricted	3,067,669
Temporarily restricted	7,231,407
Permanently restricted	3,961,107
Total net assets	14,260,183
Total liabilities and net assets	**$ 21,259,782**

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

THE LANDER FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2009

	Unrestricted		Temporarily restricted	Permanently Restricted	Total
REVENUE AND SUPPORT					
Contributions	$ 46,585		$ 876,697	$ 357,232	$ 1,280,514
Rental income - related party	721,000		-	-	721,000
Rental income - other	243,248		-	-	243,248
Investment income - Net	46,045		210,277	-	256,322
Realized and unrealized losses on investments	(469,206)		(2,001,245)	-	(2,470,451)
Change in fair value of split - interest agreements	-		118,683	-	118,683
Loss on disposal of fixed assets	(40,500)		-	-	(40,500)
	547,172		(795,588)	357,232	108,816
Net assets released from restrictions Satisfaction of donor restrictions	1,854,622		(1,854,622)	-	-
Total revenue, support and reclassifications	2,401,794		(2,650,210)	357,232	108,816
PROGRAM EXPENSES					
Scholarships	734,627		-	-	734,627
Grants and other approved programs	1,122,894		-	-	1,122,894
Total program expenses	1,857,521		-	-	1,857,521
SUPPORTING SERVICES					
Administrative and general	373,850		-	-	373,850
Total supporting services	373,850		-	-	373,850
Total program and supporting services expenses	2,231,371		-	-	2,231,371
Increase (decrease) in net assets before change in accounting principlet	170,423		(2,650,210)	357,232	(2,122,555)
Reclassification based on change in accounting principle	347,996	-	(3,951,871)	3,603,875	-
Change in net assets after change in accounting principle	518,419	-	(6,602,081)	3,961,107	(2,122,555)
NET ASSETS, BEGINNING OF YEAR,	2,549,250		13,833,488	-	16,382,738
NET ASSETS, END OF YEAR	**$ 3,067,669**		**$ 7,231,407**	**$ 3,961,107**	**$ 14,260,183**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Lander University (the University) is a state-supported, coeducational institution of higher education. The University's commitment to extending educational opportunities to an array of varying constituencies reflects its belief that citizens of a free society have a right to the enriching benefits of a higher education.

Reporting entity

The University is part of the primary government of the State of South Carolina. Its funds are reported in the higher education enterprise funds in the Comprehensive Annual Financial Report of the State of South Carolina.

The financial reporting entity consists of the primary government and its component unit. Component units are legally separate organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete.

The Lander Foundation (the Foundation) is a legally separate, tax-exempt component unit of Lander University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The board of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or incomes thereon, that the Foundation holds and invests, are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a non-governmental component unit of the University and is discretely presented in the University's financial statements.

Complete financial statements for the Foundation can be obtained from the Foundation Office at 320 Stanley Avenue, Greenwood, SC 29649.

Financial Statements

The financial statement presentation for the University meets requirements of *Governmental Accounting Standards Board (GASB)*, Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.* The financial statement presentation provides a comprehensive, entity-wide perspective of the University's net assets, revenues, expenses and changes in net assets and cash flows.

Basis of accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-agency transactions have been eliminated.

The University has elected not to apply Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

(Continued)

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

Cash and cash equivalents

For purposes of the statement of cash flows, the University as well as the Foundation considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Investments

Investments of the Foundation are carried at fair value. Gains or losses that result from market fluctuation are reported in the current period.

Accounts receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Inventories

Inventories, which consist of bookstore inventories for resale, are carried at the lower of cost or market. The cost of textbooks is reported on a weighted average basis while the cost of merchandise is reported on a first-in, first-out basis.

Prepaid items

Expenditures for insurance and similar services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. For the University, amounts reported in this asset account consist primarily of equipment maintenance contracts and deposits on goods not yet received.

Capital assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements costing $100,000 or more that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of $5,000 and a useful life in excess of one year. Routine repairs and maintenance and library materials, except individual items costing in excess of $5,000, are charged to operating expenses in the year in which the expense was incurred. In addition, interest related to debt incurred for capital assets is capitalized during the construction period.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles. A full year of depreciation is taken the year the asset is placed in service and no depreciation is taken in the year of disposition.

(Continued)

Deferred revenues and deposits

Deferred revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but relate to the subsequent accounting period. Deferred revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent dormitory room deposits, security deposits for possible room damage, student fee refunds, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Compensated absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the statement of net assets, and as a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net assets. Generally all permanent full-time State employees and certain part-time employees scheduled to work at least one-half of the University's workweek are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and of 45 days annual vacation leave, except that faculty members do not accrue annual leave. Upon termination of employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave and salary-related employee benefits.

Net assets

The University's net assets are classified as follows:

Invested in capital assets, net of related debt represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted net assets - expendable include resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net assets represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The University's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The net assets of the Foundation are classified as follows:

Permanently restricted net assets -Net assets consist of endowment assets to be held to perpetuity.

Temporarily restricted net assets -Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

Unrestricted net assets -Net assets not subject to donor-imposed restrictions.

Income taxes

The University, as a political subdivision of the State of South Carolina, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

The Foundation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, as amended.

(Continued)

Classification of revenues

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues generally result from exchange transactions to provide goods or services related to the University's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; (3) receipts for scholarships; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake.

Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Sales and services of educational and other activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from tournaments, student-related activities and workshops.

Sales and services of auxiliary enterprises and internal service activities

Auxiliary enterprise revenues primarily represent revenues generated by housing, food service and bookstore. Revenues of internal service and auxiliary enterprise activities and the related expenditures of University departments have been eliminated.

Scholarship discounts and allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and affect disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Recently issued accounting pronouncements

The University has not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments,* or Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.* Statements 51 and 53 are effective for the University's year ending June 30, 2010, and Statement 52 will be effective for the University's year ending June 30, 2009. The University is therefore unable to disclose the impact, if any, that adopting these GASB statements will have on its financial position and the results of its operations when the Statements are adopted.

NOTE 2 - DEPOSITS AND INVESTMENTS

Generally, deposits and investments of the University are under the control of the State Treasurer who, by law, has sole authority for investing State funds.

The following schedule reconciles the University's deposits and investments within the footnotes to the statement of net assets amounts:

Statement of net assets	
Cash and cash equivalents (current)	$ 13,547,827
Restricted cash and cash equivalents (current)	856,165
Restricted cash and cash equivalents (non-current)	226,465
	$ 14,630,457
Notes to financial statements	
Cash on hand	$ 8,164
Deposits held by State Treasurer	14,622,293
	$ 14,630,457

Restricted deposits

Restricted cash and cash equivalents of $856,165 and $226,465 at June 30, 2009, represent bond proceeds restricted for capital expenditures and cash balances associated with the Perkins Loan Program, respectively.

Deposits held by State Treasurer

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. For deposits held by the State Treasurer, state law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits and investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, credit risk, concentration risk, and interest rate risk, of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2009, are summarized as follows:

Receivables:	
Student accounts	$ 425,174
Grants and contracts	202,765
Due from component unit - The Lander Foundation	495,914
Other	51,466
Gross receivable	1,175,319
Less: Allowance for uncollectible student accounts	80,808
Receivables, net	**$ 1,094,511**

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

NOTE 4 - RESTRICTED STUDENT LOANS RECEIVABLE

Student loans made through the Federal Perkins Loan Program comprise all of the loans receivable as of June 30, 2009. The Perkins Loan program provides various repayment options; students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. As the University determines that loans are uncollectible, the loans are written off and assigned to the United States Department of Education.

NOTE 5 - CAPITAL ASSETS

	Beginning balance July 1, 2008	Increases	Decreases	Ending balance June 30, 2009
Capital assets not being depreciated:				
Land and improvements	$ 2,621,224	$ 67,000	$ -	$ 2,688,224
Construction in progress	4,883,392	543,213	(5,181,701)	244,904
Art and historical collections	84,946	-	-	84,946
Total capital assets not being depreciated	7,589,562	610,213	(5,181,701)	3,018,074
Other capital assets:				
Land improvements	152,579	1,672,078	-	1,824,657
Buildings and improvements	75,363,626	3,509,622	(167,887)	78,705,361
Machinery, equipment, and other	2,387,510	200,830	(162,876)	2,425,464
Vehicles	445,295	-	-	445,295
Intangibles	1,417,757	-	-	1,417,757
Total other capital assets at historical cost	79,766,767	5,382,530	(330,763)	84,818,534
Total capital assets	87,356,329	5,992,743	(5,512,464)	87,836,608
Less accumulated depreciation for:				
Land improvements	152,578	66,884	-	219,462
Buildings and improvements	27,728,833	2,174,719	-	29,903,552
Machinery, equipment, and other	1,868,635	192,972	(148,472)	1,913,135
Vehicles	417,229	16,110	-	433,339
Intangibles	1,388,902	28,854	-	1,417,756
Total accumulated depreciation	31,556,177	2,479,539	(148,472)	33,887,244
Capital assets, net	**$ 55,800,152**	**$ 3,513,204**	**$ (5,363,992)**	**$ 53,949,364**

There was $14,404 loss on the disposal of assets for the year ended June 30, 2009.

Interest charged to expense totaled $676,091 for the year ended June 30, 2009. Interest capitalized totaled $57,358.

NOTE 6 - DEFERRED REVENUE

	Current	Non-Current	Total
Student fees	$ 973,084	$ -	$ 973,084
Nongovernmental grants and contracts	77,103	231,310	308,413
Total deferred revenue	**$ 1,050,187**	**$ 231,310**	**$ 1,281,497**

During the fiscal year ended June 30, 2007, the University entered into a seven year contract for campus food services. The contract requires the vendor to contribute $625,000 for various capital improvements on campus at the University's discretion. The contribution is earned over the term of the contract. Should the vendor contract be terminated early, the University will repay the unearned portion of the contribution plus accrued interest at prime rate. Nongovernmental grants and contract revenue of $77,103 was recognized in the current year, with $77,103 of the contractual revenue recorded as current deferred revenue, and the remaining $231,310 recorded as non-current deferred revenue. The University has $85,278 in remaining funds at June 30, 2009 to request from the vendor, which will be recognized as revenue over the remaining life of the contract.

NOTE 7 - PENSION PLANS

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

South Carolina Retirement System

The majority of employees of the University are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Employees participating in the SCRS are required to contribute 6.5 percent of all compensation. The employer contribution rate is 12.74 percent which includes a 3.50 percent surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2009, 2008 and 2007 were $1,006,672, $1,039,974 and $923,501, respectively, and equaled the required contributions of 9.24 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of $16,342 in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Employees participating in the PORS are required to contribute 6.50 percent of all compensation. The employer contribution rate is 14.15 percent which, as for the SCRS, includes the 3.50 percent surcharge. The University's actual contributions to the PORS for the years ending June 30, 2009, 2008 and 2007, were $38,765, $35,224 and $31,880, respectively, and equaled the required contributions of 10.65 percent (excluding the surcharge) for each year. Also, the University paid employer group-life insurance contributions of $619 and accidental death insurance contributions of $619 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

(Continued)

Optional Retirement Program

Certain State employees may elect to participate in the Optional Retirement Program (ORP), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 9.24 percent plus the retiree surcharge of 3.50 percent from the employer.

Certain of the University's employees have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were $490,376 (excluding the surcharge) from the University as employer and $344,961 from its employees as plan members. All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2006, only TERI participants who entered the program before July 1, 2005 make no employee contributions while covered under the TERI program. No additional service credit is earned during this period and participants are ineligible for disability retirement benefits.

NOTE 8 - POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. The University contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded though annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 3.50% and 3.35% of annual covered payroll for 2009 and 2008, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The University paid approximately $579,803 and $574,774 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2009 and 2008, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid EIP was $3.23 for the fiscal years ended June 30, 2009 and 2008.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

Complete financial statements for the benefit plans and the trust funds can be obtained from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

NOTE 9 - LITIGATION, CONTINGENCIES AND PROJECT COMMITMENTS

The University participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

The State has issued capital improvement bonds to fund improvements and expansion of state facilities. The University is not obligated to repay these funds to the State. Authorized funds can be requested as needed once State authorities have given approval to begin specific projects and project expenditures have been incurred. The University has no authorized state capital improvement bond proceeds available to draw at June 30, 2009.

(Continued)

NOTE 9 - LITIGATION, CONTINGENCIES AND PROJECT COMMITMENTS, Continued

At June 30, 2009, the University had commitments for capital projects with outstanding balances totaling $3,219,085. The commitments include the Learning Center Roof Renovation construction costs of $1,400,760 with $1,396,559 outstanding; Chipley Housing Renovation design cost of $1,479,325 with $1,479,325 outstanding. Both above mentioned projects are on the Budget and Control Board's December 15, 2009 agenda for final approval. Another outstanding capital project is the Information Technology/Library construction and renovation, the design and construction cost total $339,000 with $270,311 outstanding. This project consist of two budgets, first budget is for bid construction cost, budgeted at $219,000, the second budget is for work performed by Lander University's Physical Plant, estimated budget of $120,000.

The University is a party to various litigations as a defendant, arising from its normal operations. Management does not anticipate material losses in connection with these claims.

NOTE 10 - LEASE OBLIGATIONS

Commitments for operating leases with external parties having remaining non-cancelable terms in excess of one year as of June 30, 2009 were as follows:

Year ended June 30,	Equipment	Real property	(Component Unit) Buildings and Land
2010	$ 70,292	$ 1	$ 721,000
2011	46,077	1	721,000
2012	11,979	1	721,000
2013	2,642	1	721,000
2014	-	1	721,000
2015-2019	-	5	3,605,000
2020-2024	-	5	3,605,000
2025-2029	-	5	3,575,000
2030-2034	-	5	691,000
2030-2046	-	11	-
Total minimum lease payments	$ 130,990	$ 36	$ 15,081,000

Operating Leases

The University's noncancelable operating leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases and are generally payable on a monthly basis. Total rental payments for fiscal year 2009 were $78,551, including regular payments of $5,189 and contingent payments, on a per copy basis, of $73,362.

The University entered into an operating lease with the County of Greenwood for property to be used by the University's athletic programs. The lease has an annual rental rate of one dollar and expires June 30, 2046. The University is responsible for all maintenance of the property. The lessor may continue to use the property rent-free for three months each year.

The University has also entered into an operating lease with the component unit, Lander RWS Properties, LLC (a wholly owned subsidiary of the Lander Foundation) for the purpose of the Recreational, Wellness and Sports Complex (RWS Property), a twenty-two year lease with annual payments of $691,000 and the Equestrian Property, a twenty year lease with annual payments of $30,000.

NOTE 11 - BONDS PAYABLE

At June 30, 2009, bonds payable consisted of the following:

$8,000,000 general obligation bonds issued December 2005 and due in annual installments of $275,000 to $580,000 through 2026, with interest fixed at 4% to 5%.	$ 7,145,000
$10,000,000 general obligation bonds issued June 2004 and due in annual installments of $355,000 to $735,000 through 2024, with interest fixed at 3.00% to 5.00%.	8,155,000
$2,000,000 revenue bonds issued May 2002 and due in annual installments of $165,000 to $255,000 through 2012, with interest fixed at 4.70%. Auxiliary enterprise revenues are pledged as security for the bonds.	695,000
	$ 15,995,000

The scheduled maturities of bonds payable are as follows:

Year ending	**General obligation bonds**		**Revenue bonds**		**Total bonds**	
June 30,	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2010	$ 700,000	$ 667,981	$ 215,000	$ 32,665	$ 915,000	$ 700,646
2011	725,000	638,256	225,000	22,560	950,000	660,816
2012	755,000	607,369	255,000	11,985	1,010,000	619,354
2013	780,000	575,738	-	-	780,000	575,738
2014	815,000	543,819	-	-	815,000	543,819
2015 - 2019	4,615,000	2,188,091	-	-	4,615,000	2,188,091
2020 - 2024	5,775,000	1,050,175	-	-	5,775,000	1,050,175
2025 - 2026	1,135,000	51,637	-	-	1,135,000	51,637
	$15,300,000	**$ 6,323,066**	**$ 695,000**	**$ 67,210**	**$ 15,995,000**	**$ 6,390,276**

NOTE 12 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009 was as follows:

	June 30, 2008	**Additions**	**Reductions**	**June 30, 2009**	**Current portion**
Bonds/notes/installment purchase					
General obligation bonds	$ 15,985,000	$ -	$ 685,000	$ 15,300,000	$ 700,000
Unamortized premiums	35,702	-	2,243	33,459	2,243
Total general obligation bonds payable	16,020,702	-	687,243	15,333,459	702,243
Revenue bond	905,000	-	210,000	695,000	215,000
Total debt	16,925,702	-	897,243	16,028,459	917,243
Other liabilities					
Compensated absences	1,178,233	345,971	518,250	1,005,954	522,029
Student deposits	194,888	149,091	128,115	215,864	215,864
Perkins Loan - Federal liability	1,506,054	-	26,461	1,479,593	-
Total other	2,879,175	495,062	672,826	2,701,411	737,893
Total long-term liabilities	**$ 19,804,877**	**$ 495,062**	**$ 1,570,069**	**$ 18,729,870**	**$ 1,655,136**

NOTE 13 - COMPONENT UNIT

As discussed in Note 1, The Lander Foundation is a separately chartered corporation organized exclusively to promote the development and welfare of the University. The Foundation has been included as a component unit, but because it is a nongovernmental entity, it uses a different reporting model and its balances and transactions are reported on separate financial statements. During the year ended June 30, 2009, the University received approximately $734,000 from the Foundation for restricted scholarships. The University also received approximately $713,000 from the Foundation for various approved programs related to academic and administrative areas within the University. At June 30, 2009 the University had a $495,914 receivable from the Foundation.

A summary of the Foundation's investments at June 30, 2009 follows:

Pooled investments	Fair value
Temporarily restricted cash investments	$ 398,201
Government and corporate bonds	3,473,202
Common stocks	4,204,547
Common trust funds	1,486,957
	9,562,907
Less: Split - interest agreements	(726,317)
Investments held for others	(13,014)
	$ 8,823,576

During the year ending June 30, 2009, the Foundation's Board formed Lander RWS Properties, LLC for the purpose of managing all activities relating to the Recreation, Wellness and Sports Complex and the Lander Equestrian Center. The consolidated financial statements include the accounts of the Foundation and its wholly - owned subsidiary, Lander RWS Properties, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Lander RWS Properties, LLC has been organized as a South Carolina Limited Liability Company to function as an eleemosynary limited liability company under the laws of the State of South Carolina for the following purposes: to receive, hold, manage, invest or arrange for investing and to acquire by gift, devise, bequest, purchase or otherwise, and use property of any kind and funds in furtherance of the welfare of that institution of higher learning now known as Lander University. It shall be the purpose of Lander RWS Properties, LLC to do all things permitted by law, including but not limited to borrowing funds, purchasing property, leasing or mortgaging assets, pledging the same, in connection with or in furtherance of such purposes. Assets of Lander RWS Properties, LLC, unless otherwise restricted by the donor, may be used for any and all purposes which may be approved by the LLC's sole member, The Lander Foundation, so long as such use is for the benefit of Lander University, its students or faculty, and not in conflict with any other provision of the Operating Agreement of Lander RWS Properties, LLC, or the Statutes of the United States and Regulations of the Internal Revenue Service governing tax-exempt organizations. The policies and objectives of Lander RWS Properties, LLC shall in all respects be compatible with the policies and objectives of The Lander Foundation and the Lander University Board of Trustees. The Lander RWS Properties, LLC holds title to approximately 25 acres fronting on Montague Avenue, Greenwood, SC, (the "RWS Property"), upon which facilities and improvements are to be constructed for use of a recreation, wellness and sports complex. Also the Lander RWS Properties, LLC has a leasehold estate under a long-term ground lease in approximately 38 acres fronting on HWY 72/221 E, Greenwood, SC (the "Equestrian Property"), upon which facilities and improvements are to be constructed for use of an equestrian program and special education program. Lander University is leasing the RWS Property and the Equestrian Property from the Lander RWS Properties, LLC.

NOTE 14 - RELATED PARTIES

The Lander Alumni Association is a separately chartered legal entity whose activities are related to those of the University and exists primarily to provide financial assistance and other support to the University and its educational programs. The Alumni Association, which has assets of less than $2,000,000, was established by alumni to promote academic improvements, to assist in scholarship programs, to further the interests of the University and to promote among its present and former students and friends good fellowship and loyalty. The Alumni Association's financial statements were internally compiled by the Association's management and are not presented in these financial statements.

NOTE 15 - RISK MANAGEMENT

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

Unemployment compensation benefits
Worker's compensation benefits for job-related illnesses or injuries
Health and dental insurance benefits
Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan. All other coverage listed above are through the applicable State self-insured plan. Dependent and optional life premiums are remitted to commercial carriers.

The University and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

Business interruptions
Theft, damage to, or destruction of assets
Real property, its contents, and other equipment
Motor vehicles
Torts
Natural disasters
Medical malpractice claims against the Infirmary
Inland marine
Builders' construction risk

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of property, boiler and machinery, automobile liability, and medical professional liability insurance. Also, the IRF purchases reinsurance for catastrophic property and medical professional liability insurance. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF's rates are determined actuarially.

State agencies and other entities are the primary participants in the State's Health and Disability Insurance Fund and in the IRF.

(Continued)

NOTE 15 - RISK MANAGEMENT, Continued

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for losses arising from dishonest or fraudulent acts, limited to $100,000 for dishonesty, $50,000 for forgery or alteration, and $5,000 from theft, disappearance, and destruction. The University also obtains coverage through a commercial insurer for medical insurance covering student athletes.

The University has not transferred the portion of the risk of loss related to insurance policy deductibles, unreported claims, underinsurance, and co-insurance for any covered losses to a state or commercial insurer.

NOTE 16 - INFORMATION FOR INCLUSION IN THE STATE GOVERNMENT-WIDE COMPREHENSIVE ANNUAL FINANCIAL STATEMENTS

The University's transactions are reported in the Higher Education Fund, an enterprise fund, of the State of South Carolina. The following is information needed to present the University's business-type activities in the State's government-wide Statement of Activities.

	2009	**2008**	**Increase/ (Decrease)**
Charges for services	$ 31,076,258	$ 26,387,274	$ 4,688,984
Operating grants and contributions	1,529,826	1,324,838	204,988
Less: Expenses	(40,939,003)	(39,482,191)	(1,456,812)
Net program expense	(8,332,919)	(11,770,079)	3,437,160
Transfers			
State appropriations	8,756,048	11,832,939	(3,076,891)
Capital improvement bond proceeds	-	-	-
Total general revenue and transfers	8,756,048	11,832,939	(3,076,891)
Change in net assets	423,129	62,860	360,269
Net assets, beginning of year	50,843,225	50,780,365	62,860
Net assets, end of year	**$ 51,266,354**	**$ 50,843,225**	**$ 423,129**

Tuition fees, as defined by South Carolina Code of Laws Section 59-107-90, were $19,005,674 for the year ended June 30, 2008.

NOTE 17 - TRANSACTIONS WITH STATE ENTITIES

The University is granted an annual appropriation for operating purposes as authorized by the General Assembly of the State of South Carolina. The following is a reconciliation of the original appropriation as enacted by the General Assembly to state appropriations revenue reported in the financial statements for the year ended June 30, 2009:

Original appropriation per Annual Appropriations Act	$ 10,598,932
Adjustment for base pay	102,873
Budget Recission H.5300	(1,583,867)
7% Base Reduction	(638,256)
2% Base Reduction	(169,594)
Critical Need Nursing Initiative	17,972
From Commission on Higher Education	
Academic Endowment	8,204
Technology Grant	419,784
Total state appropriations	**$ 8,756,048**

(Continued)

NOTE 17 - TRANSACTIONS WITH STATE ENTITIES, Continued

There were no capital improvement bond proceeds received during the year.

The University received substantial funding from the Commission on Higher Education (CHE) for scholarships on behalf of students that is accounted for as operating State grants and contracts. The following is a summary of amounts received from CHE for scholarships, sponsored research and public service projects for the fiscal year ended June 30, 2009:

Received from the Commission on Higher Education (CHE):	
LIFE Scholarships	$ 3,106,964
Palmetto Fellows Scholarships	269,225
Need-Based Grants	642,497
Hope Scholarships	530,950
Assistance Program	59,625
SC Teaching Fellows	210,952
CREATE Project	89,408
Total received from CHE	**$ 4,909,621**

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee and investment services from the State Treasurer; legal services from the Attorney General; and grants services from the Governor's Office.

Other services received at no cost from various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the budget, review and approval of certain budget amendments, procurement services and other centralized functions.

The University had financial transactions with various State agencies during the fiscal year. Significant payments were made to divisions of the State Budget and Control Board for pension and insurance plans employee and employer contribution, insurance coverage, office supplies, and interagency mail. Significant payments were also made for unemployment and workers' compensation coverage for employees to the Employment Security Commission and State Accident Fund. The amounts of 2009 expenditures applicable to related transactions with state entities are not readily available.

NOTE 18 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the year ended June 30, 2009 are summarized as follows:

	Compensation and benefits	Supplies and services	Scholarships and fellowships	Depreciation	Total
Instruction	$ 10,910,926	$ 535,463	$ -	$ -	$ 11,446,389
Research	17,280	14,733	-	-	32,013
Public service	154,078	279,872	-	-	433,950
Academic support	1,740,117	1,335,816	-	-	3,075,933
Student services	3,093,292	1,190,636	-	-	4,283,928
Institutional support	3,342,598	576,426	-	-	3,919,024
Operation and maintenance of plant	3,375,310	2,305,930	-	-	5,681,240
Scholarships and fellowships	(1,932)	(6,767)	2,582,389	-	2,573,690
Auxiliary enterprises	897,326	5,361,936	-	-	6,259,262
Depreciation	-	-	-	2,479,539	2,479,539
Total operating expenses	**$ 23,528,995**	**$ 11,594,045**	**$ 2,582,389**	**$ 2,479,539**	**$ 40,184,968**

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mr. Richard H. Gilbert, Jr., CPA, Interim State Auditor
State of South Carolina
Columbia, South Carolina

We have audited the financial statements of Lander University as of and for the year ended June 30, 2009, and have issued our report thereon dated September 29, 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.

Internal control over financial reporting

In planning and performing our audit, we considered Lander University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of Lander University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lander University'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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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 entity's internal control.

Our consideration of 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 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 Lander University's financial statements are free of material misstatement, we performed tests 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 and use of the Governor and the Board of Trustees and management of the University and is not intended to be and should not be used by anyone other than those specified parties.

Elliott Davis, LLC

Greenwood, South Carolina
September 29, 2009

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mr. Richard H. Gilbert, Jr., CPA, Interim State Auditor
State of South Carolina
Columbia, South Carolina

Compliance

We have audited the compliance of Lander University with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major Federal program for the year ended June 30, 2009. Lander University's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major Federal program is the responsibility of Lander University's management. Our responsibility is to express an opinion on Lander University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Lander University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lander University's compliance with those requirements.

In our opinion, Lander University complied, in all material respects, with the requirements referred to above that are applicable to its major Federal program for the year ended June 30, 2009.

Internal control over compliance

The management of Lander University is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered Lander University's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of Lander University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lander University's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the Governor and the Board of Trustees and management of the University and is not intended to be and should not be used by anyone other than those specified parties.

Elliott Davis, LLC

Greenwood, South Carolina
September 29, 2009

LANDER UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2009

Federal grantor/ Pass-through grantor/Program or Cluster title	Federal CFDA number	Pass through grantor's number	Total expenditures
STUDENT FINANCIAL AID CLUSTER			
UNITED STATES DEPARTMENT OF EDUCATION			
Direct Programs:			
Federal Supplemental Educational Opportunity Grant	84.007		$ 130,490
Federal Family Education Loan Program	84.032		13,611,056
Federal Work-Study Program	84.033		121,024
Federal Perkins Loan Program	84.038		117,408
Federal Pell Grant Program	84.063		3,385,969
Academic Competitiveness Grant	84.375		162,180
National Science and Math Access to Retain Talent Grant	84.376		28,468
Total U.S. Department of Education			17,556,595
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Direct Programs:			
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925		6,968
Total U.S. Department of Health and Human Services			6,968
Total Student Financial Aid Cluster			17,563,563
OTHER PROGRAMS			
UNITED STATES DEPARTMENT OF EDUCATION			
Direct Programs:			
Student Support Services	84.042A		223,087
Passed through South Carolina Commission on Higher Education:			
Project CREATE	84.334A	07-CO-305-01	120,611
Total U.S. Department of Education			343,698
Total Federal assistance expended			**$ 17,907,261**

Note 1 The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lander University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 Lander University had the following loan balances outstanding at June 30, 2009. These loan balances outstanding are also included in the statement of net assets.

Cluster/Program Title	Federal CFDA Number	Amount outstanding
Federal Perkins Loan Program	84.038	$ 1,479,593

LANDER UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2009

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Lander University.

2. No material weaknesses or significant deficiencies relating to internal control over financial reporting were noted during the audit.

3. No instances of noncompliance material to the financial statements of Lander University were disclosed during the audit.

4. No material weaknesses or significant deficiencies relating to internal control over major federal award programs were noted during the audit.

5. The auditor's report on compliance for the major federal award program for Lander University expresses an unqualified opinion.

6. The programs tested as major programs include:

Federal Supplemental Educational Opportunity Grant	84.007
Federal Family Education Loan Program	84.032
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Academic Competiveness Grant	84.375
National Science and Mathematics Access to Retain Talent Grant	84.376
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925

7. The threshold for distinguishing Types A and B programs was $300,000.

8. Lander University qualifies as a low-risk auditee.

B. FINANCIAL STATEMENT FINDINGS

None

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

LANDER UNIVERSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2009

In accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, the following is the status of known material findings and recommendations from prior year audits:

None