

**Southeastern Louisiana University
Foundation**

Financial Report

Year Ended June 30, 2022

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PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Southeastern Louisiana University Foundation
Hammond, Louisiana

Opinion

We have audited the accompanying financial statements of Southeastern Louisiana University Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University Foundation as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southeastern Louisiana University Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeastern Louisiana University Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities For The Audit Of The Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

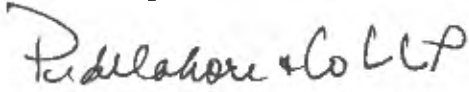
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southeastern Louisiana University Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southeastern Louisiana University Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report On Summarized Comparative Information

We have previously audited Southeastern Louisiana University Foundation's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Metairie, Louisiana
November 16, 2022

Southeastern Louisiana University Foundation
Statement Of Financial Position
June 30, 2022
(With Comparative Totals For 2021)

	<u>Assets</u>	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash	\$ 347,521	\$ 310,304
Accounts receivable	323,370	205,105
Current unconditional promises to give	5,200	8,100
Investments	41,003,686	51,037,984
Prepaid expenses	<u>31,556</u>	<u>28,608</u>
Total current assets	<u>41,711,333</u>	<u>51,590,101</u>
Noncurrent Assets		
Long-term unconditional promises to give, net	-	2,100
Investments, endowment	30,629,326	29,606,407
Donated land	<u>1,726,000</u>	<u>1,743,500</u>
	<u>32,355,326</u>	<u>31,352,007</u>
	<u>\$ 74,066,659</u>	<u>\$ 82,942,108</u>
 <u>Liabilities And Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 397,350	\$ 471,487
Deferred revenue	1,270	1,975
Agency funds/funds held in custody	<u>19,502,424</u>	<u>22,019,922</u>
Total current liabilities	<u>19,901,044</u>	<u>22,493,384</u>
Long-term Liabilities		
Refundable advances	<u>4,000,000</u>	<u>3,000,000</u>
Net Assets		
Without donor restrictions	1,316,401	1,199,247
With donor restrictions	<u>48,849,214</u>	<u>56,249,477</u>
	<u>50,165,615</u>	<u>57,448,724</u>
	<u>\$ 74,066,659</u>	<u>\$ 82,942,108</u>

The Notes To Financial Statements are an integral part of these statements.

Southeastern Louisiana University Foundation
Statement Of Activities And Changes In Net Assets
Year Ended June 30, 2022
(With Comparative Totals For 2021)

	<u>2022</u>			<u>2021</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Revenue And Other Support				
Contributions of cash and other financial assets:				
Donations	\$ 115,470	\$ 500,835	\$ 616,305	\$ 527,513
Scholarships	-	150,116	150,116	119,315
Professorships	-	81,000	81,000	93,745
Program donations	-	462,796	462,796	422,457
Endowments	-	991,510	991,510	367,040
Contributions of nonfinancial assets	17,180	11,786	28,966	3,060
Special events - net	118,653	-	118,653	75,524
Foundation administrative fee	679,924	-	679,924	571,143
Other	-	213,995	213,995	145,449
Loss on sale of donated land	-	(12,500)	(12,500)	-
Investment income - net	44	(6,384,216)	(6,384,172)	12,346,115
	<u>931,271</u>	<u>(3,984,678)</u>	<u>(3,053,407)</u>	<u>14,671,361</u>
Net Assets Released From Restrictions				
Satisfaction of program restrictions	<u>3,415,585</u>	<u>(3,415,585)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>4,346,856</u>	<u>(7,400,263)</u>	<u>(3,053,407)</u>	<u>14,671,361</u>
Expenses				
Program	3,150,214	-	3,150,214	2,002,320
Management and general	811,578	-	811,578	700,438
Fundraising	<u>267,910</u>	<u>-</u>	<u>267,910</u>	<u>314,267</u>
	<u>4,229,702</u>	<u>-</u>	<u>4,229,702</u>	<u>3,017,025</u>
Changes In Net Assets	117,154	(7,400,263)	(7,283,109)	11,654,336
Net Assets - Beginning Of Year	<u>1,199,247</u>	<u>56,249,477</u>	<u>57,448,724</u>	<u>45,794,388</u>
Net Assets - End Of Year	<u>\$ 1,316,401</u>	<u>\$ 48,849,214</u>	<u>\$ 50,165,615</u>	<u>\$ 57,448,724</u>

The Notes To Financial Statements are an integral part of these statements.

Southeastern Louisiana University Foundation
Statement Of Functional Expenses
Year Ended June 30, 2022
(With Comparative Totals For 2021)

	<u>2022</u>			<u>2021</u>
<u>Program</u>	<u>Supporting Activities</u>			
University				
Support and Promotions	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Departmental	\$ 1,585,173	\$ -	\$ -	\$ 549,808
Endowed Scholarships	704,363	-	-	652,999
In/Out Scholarships	282,874	-	-	300,517
Credit card fees	13,576	-	-	8,637
In-kind	28,966	-	-	3,060
Transfers to agency funds	247,974	-	-	347,310
Administrative fee	-	486,833	-	381,143
Dues	11,309	-	-	9,007
Fundraising	-	-	116,978	111,364
Other operating	-	19,829	-	16,007
Professional development	241	-	-	2,812
Professional fees	42,000	90,840	-	88,880
Salary and benefits	-	214,076	150,932	459,311
University promotions	233,738	-	-	86,170
	<u>\$ 3,150,214</u>	<u>\$ 811,578</u>	<u>\$ 267,910</u>	<u>\$ 3,017,025</u>

The Notes To Financial Statements are an integral part of these statements.

Southeastern Louisiana University Foundation
Statement Of Cash Flows
Year Ended June 30, 2022
(With Comparative Totals For 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (7,283,109)	\$ 11,654,336
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Realized and unrealized (gain) loss on investments	7,036,965	(11,758,658)
Loss on donated land	12,500	78,129
(Increase) decrease in:		
Accounts receivable	(113,265)	(103,026)
Prepaid expenses	(2,948)	(17,264)
Increase (decrease) in:		
Accounts payable	(74,137)	287,875
Deferred revenue	<u>999,296</u>	<u>1,982,875</u>
Net cash provided (used) by operating activities	<u>575,302</u>	<u>2,124,267</u>
Cash Flows From Investing Activities		
(Purchases) sales of investments - net	1,974,414	(6,689,997)
Proceeds from sale of donated land	5,000	-
Increase (decrease) in Agency funds	<u>(2,517,498)</u>	<u>4,739,884</u>
Net cash provided (used) by investing activities	<u>(538,084)</u>	<u>(1,950,113)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	37,218	174,154
Cash and cash equivalents at beginning of year	<u>310,303</u>	<u>136,149</u>
Cash and cash equivalents at end of year	<u>\$ 347,521</u>	<u>\$ 310,303</u>

The Notes To Financial Statements are an integral part of these statements.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 1. Summary Of Significant Accounting Policies

Nature of Organization

Southeastern Louisiana University Foundation (the Foundation) was incorporated on April 17, 1963 under the provisions of Louisiana Revised Statute 12:201-155 as Southeastern Development Foundation, Inc., a non-profit corporation. In June 2011, the name changed to Southeastern Louisiana University Foundation. The Foundation was formed to promote and support, on all levels, the Southeastern Louisiana University (SLU) programs, including the solicitation and acceptance of donations for the purpose of providing scholarships and other benefits for the university, its faculty, and its students.

Basis of Accounting

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

Recent Accounting Pronouncements

The Foundation adopted, ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures of Not-for-Profit Entities for Contributed Non-financial Assets* for the year ended June 30, 2022. The ASU requires not-for-profit entities to present contributed non-financial assets (commonly referred to as gifts-in-kind) as a separate line item in the statement of activities, apart from contributions of cash and other financial assets.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. The governing board may designate, from net assets without donor restriction net assets for an operating reserve or board-designated endowment.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 1. Summary Of Significant Accounting Policies (continued)

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature: those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

Revenues are reported as increases in net asset with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as net assets without donor restrictions if the restrictions expire in the reporting period in which the contributions are recognized. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Revenue from Exchange Transactions: The Foundation recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Foundation records the following exchange transaction revenue in its statements of activities and changes in net assets for the year ending June 30, 2021.

Special Fundraising Event Revenue – The Foundation conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - the exchange component, and a portion represents a contribution to the Foundation. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of the meals and entertainment provided at special events is measured at the actual cost to the Foundation. The contribution

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 1. Summary Of Significant Accounting Policies (continued)

component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Foundation, are recorded as costs of direct donor benefits in the statement of activities and changes in net assets. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Foundation. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Foundation separately presents in its statement of activities and changes in net assets or notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Foundation in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Foundation follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

Foundation Administrative Fee – Foundation administrative fee revenue relates to fees earned by the Foundation for managing the endowments. The administrative fees is calculated on an annually basis as a percentage of the endowment balances and recognized when earned.

Other Revenues – Other revenues are obtained from the royalties, fundraisers and conferences. These revenues are recorded when the service is provided, or the merchandise is sold. Royalties are recorded as revenues on the date the publication is sold. Fundraisers and conferences are recorded when the event has taken place. Fees received in advance of their usage are classified as deferred revenue in the statement of financial position.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less, except for investments purchased with endowment assets, which are classified as long-term investments.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 1. Summary Of Significant Accounting Policies (continued)

Promises to Give

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at their realizable value if they are expected to be collected in one year and at their fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for doubtful accounts has been established based on management's assessment of collectability.

Refundable Advances

Pursuant with the Foundation's policy, the Foundation does not recognize conditional promises to give as revenue until the condition is met or the pledges are received. The Foundation received contributions that are deemed revocable until conditions are met during the year ended June 30, 2022. For the year ended June 30, 2022, the Foundation has outstanding refundable advances of \$4,000,000.

Contributed Services and Materials

No amounts have been reflected in the financial statements for donated services. Significant portions of the Foundation's fundraising events are conducted by unpaid volunteers. The value of the donated services was not reasonably determinable; therefore, no related donation or expense is recorded.

The Foundation occasionally received contributions of food, supplies or equipment. These contributions are given to the University. The contributions are recognized at the item's fair value at the date of the donation, estimated using sales prices for items of similar condition.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restriction depending on the existence or nature of any donor restrictions.

Southeastern Louisiana University Foundation

Notes To Financial Statements

Year Ended June 30, 2022

Note 1. Summary Of Significant Accounting Policies (continued)

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities and Changes in Net Assets. Net Investment income/(loss) is reported in the Statements of Activities and Changes in Net Assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Real estate investments, which were received by gift, are carried at an independently appraised market value as of the date of acquisition.

Use of Estimates

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

Agency Funds/Funds Held in Custody

The Foundation considers all state matching funds and unexpended income from these funds to be funds held in custody for others. Additionally, amounts held for Southeastern Louisiana University are also reported as funds held in custody. All funds held in custody are recorded in the statements of financial position at their estimated fair market values.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 1. Summary Of Significant Accounting Policies (continued)

Income Taxes

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Foundation is exempt from taxes on income other than unrelated business income. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(VI). Since the Foundation had no net unrelated business income during the year ended June 30, 2022, no provision for income tax was made. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments for or disclosures in the financial statements.

Also, the Foundation's federal income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those returns. In general, both the federal and state income tax returns have a three year statute of limitations.

Accounts Receivable

Accounts receivable consist of an amount due for administrative fees, reimbursement of salary and other expenses in the amount of \$323,370. Management believes the amounts are collectible, and no provision has been made for uncollectible amounts. (See Note 7.)

Donated Land

Property donated to the Foundation is recorded as contributions at the estimated fair market values at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their uses and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassified net assets with donor restrictions to net assets without donor restrictions at that time.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 1. Summary Of Significant Accounting Policies (continued)

Accounting Pronouncements Issued Not Yet Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statement of financial position as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842), Targeted Improvements*, to simplify the lease standard's implementation. The amended guidelines relieves businesses and other organizations from the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of net assets. This standard is effective for annual periods beginning after December 15, 2021. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

Note 2. Investments

Investment fees for the year ended June 30, 2022 are \$299,225. Investments are comprised of the following as of June 30, 2022:

	Fair Value
Cash and Money Market Accounts	\$ 3,839,195
Government Obligations	12,358,238
Corporate Bonds	5,859,168
Equity Securities	48,167,279
Mutual Funds	730,533
Other 1/3 interest in	
Maurin Farm, LLC	678,599
	\$71,633,012

Southeastern Louisiana University Foundation

Notes To Financial Statements

Year Ended June 30, 2022

Note 3. Fair Value Measurements

The ASC topic on Fair Market Value Measurements and Disclosures establishes a framework for measuring fair value. That framework provides a fair market value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 – inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active market; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no change in the methodologies used at June 30, 2022.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used as of June 30, 2022.

U.S. Treasury notes, marketable equity securities, mutual funds and U.S. government agency obligations: Valued using quoted market prices for those of similar investments.

Corporate bonds: Valued using pricing information from various sources including pricing vendors, and investment managers.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 3. Fair Value Measurements (continued)

Investments classified within Level 3 have unobservable inputs as they are not traded. These assets are stated at the fair market value as the date of original donation. Foundation staff and management monitor and review the value to ensure that reporting and valuation techniques are in accordance with industry standards and best practices.

The following table presents the Foundation's assets measured at fair value on a recurring basis at June 30, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Money Market	\$ 2,928,053	\$ 911,142	\$ -	\$ 3,839,195
U.S. Treasury notes	7,017,909	-	-	7,017,909
US government obligations	-	5,340,329	-	5,340,329
Corporate Bonds	-	5,859,168	-	5,859,168
Equity Securities	48,167,279	-	-	48,167,279
Mutual Funds	730,533	-	-	730,533
Other 1/3 in				
Maurin Farm, LLC	-	-	678,599	678,599
	<u>\$58,843,774</u>	<u>\$12,110,639</u>	<u>\$ 678,599</u>	<u>\$71,633,012</u>

Investment earnings included in the statement of activities were comprised of the following for the year ended June 30, 2022:

Investment income	\$ 952,018
Realized gains on investments	3,068,050
Unrealized losses on investments	(10,105,015)
Investment fees	<u>(299,225)</u>
	<u>\$ (6,384,172)</u>

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 4. Unconditional Promises To Give Receivable

Pledges receivable at June 30, 2022 are as follows:

Receivable in less than one year	\$	8,100
Receivable in one to five years		-
Total pledges receivable		8,100
Less allowance for uncollectible pledges		(2,900)
Net pledges receivable at June 30, 2022	\$	5,200

Management estimated the allowance for uncollectible pledges to be approximately thirteen percent of total pledges receivable. Pledges receivable are unsecured.

Note 5. Contributed Nonfinancial Assets

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included:

Food	\$	1,041
Supplies		10,745
Vehicle		17,180
	\$	28,966

The Foundation recognized contributed nonfinancial assets within revenue, including a contributed vehicle, food, and supplies. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The Foundation's policy to donate all contributed vehicles immediately upon receipt to the University. The vehicle was valued at the date of donation.

Contributed food was utilized in the University food pantry to provide food to students. Contributed supplies were utilized by various University programs/departments. In valuing food and supplies the Foundation estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 6. Net Assets

Net assets with donor restrictions at June 30, 2022 were restricted for the following purposes:

Land	\$ 1,726,000
Scholarships and University Program Support	4,035,247
Endowments	<u>43,087,967</u>
	<u>\$ 48,849,214</u>

Of the above amounts reported as net assets with donor restrictions, the following are permanently restricted to investments in perpetuity, the income from which is expendable to support the activities below:

Endowments	\$ <u>30,749,654</u>
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Net assets were released from donor restrictions by satisfaction of the restricted purposes or by occurrence of the passage of time or other events specified by the donors during the year ended June 30, 2022, as follows:

Scholarships and University Program Support	\$ 2,572,410
Endowments	<u>843,175</u>
	<u>\$ 3,415,585</u>

The Foundation's net assets without donor restrictions at June 30, 2022, were comprised of undesignated and Board designated amounts to support the activities below:

Undesignated	\$ 552,336
Board designated for continued University support	439,467
Board designated for capital outlay	<u>324,599</u>
	<u>\$ 1,316,402</u>

Board designated for continued University support - The Foundation's Board has designated funds to provide continued support for the University.

Board designated for capital outlay - The Foundation's Board has designated funds to provide funding for a capital project on behalf of the University.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 7. Endowed Net Assets

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and providing a stable level of support to the beneficiaries. To achieve this objective, the Foundation's asset allocation strategy is reviewed periodically and adjusted to target a total return that covers inflation, administrative expenses, and spending allocations, while minimizing volatility.

Private endowed contributions received for professorships, chairs, and scholarships are included in endowed net assets. Certain endowed funds are provided by the state of Louisiana as a match to these qualifying private endowed contributions and are managed under agreement with the University for the University's benefit. These state matching endowed funds, which are maintained in a separate pool from other Foundation investments, are subject to the investment and spending policies established by the Louisiana Board of Regents, which has statutory authority to administer the matching funds program.

A spending rate is determined by the Foundation's Board of Directors, with consideration given to market conditions, the spending levels of peer institutions and the level of real return after spending measured over the long term. The objective is to provide relatively stable spending allocations. The Board approved a discretionary spending rate of 4% (four percent) on a five year rolling average of fair value for fiscal year ended June 30, 2022, based on a separate review of each individual endowment's performance.

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 ("Act") to implement the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as the standard for the management and investment of institutional funds in Louisiana. The Act permits an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument.

In its interpretation of the law, the Foundation's Board of Directors has determined that it is prudent for those endowed funds with no donor restrictions to the contrary whose market value is in excess of 85% (eighty-five percent) of corpus be made available for appropriation for expenditure within the provisions of the Board's annual establishment of spending policy. The portion that has not been determined

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 7. Endowed Net Assets (continued)

to be available for expenditure is considered by the Board to be funds of perpetual duration and is classified as net assets with donor restrictions. In making such determination, the Board considered the following factors: the duration and preservation of the endowment fund; the purposes of the institution and the endowment fund; general economic conditions; the possible effect of inflation or deflation; expected total return from income and appreciation of investments; other resources of the institution; and the investment policy of the institution.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA required the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature exist in 45 donor-restricted endowment funds, which together have an original gift value of \$1,224,460, a current value of \$1,104,316, and a deficiency of \$120,143 as of year-end. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds.

The Foundation's Board of Directors has adopted the investment policies set forth by the Louisiana Board of Regents and applies these policies to all endowments. The Louisiana Board of Regents' spending policy dictates that the market value of each endowment at the end of the most recent fiscal trust fund year must exceed the original corpus of the endowment by an amount equal to the amount to be made available for expenditure in the next fiscal year for which a spending allocation is made. When the current market value of each endowment is below the original corpus, no spending is allowed, without donor authorization.

	<u>With Donor Restrictions</u>
Endowed Net Assets at June 30, 2021	\$ 50,044,569
Investment return: net depreciation	(6,381,577)
Loss on sale of donated land	(12,500)
Contributions (including interfund transfers)	1,030,410
Appropriation of endowed assets for expenditure	<u>(1,592,935)</u>
Endowed Net Assets at June 30, 2022	<u>\$ 43,087,967</u>

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 8. Related Party Transactions

During the fiscal year ended June 30, 2022, the Foundation occupied office space in a building that was owned by Southeastern Louisiana University.

In accordance with Louisiana Revised Statutes LSA-RS 17.3390, the Foundation is of the opinion that all expenditures and in-kind services, except unrestricted funds used for administration, benefit the University. These amounts greatly exceed the cost of housing, personnel, and other support furnished to the Foundation by the University. The value of the facilities used by the Foundation was not reasonably determinable; therefore, no related donation or expense is recorded.

At June 30, 2022, accounts receivable includes the following:

Southeastern Louisiana University	\$ 100,858
Lion Athletic Association Inc.	-
Southeastern Louisiana University Alumni Association	4,027

At June 30, 2022, accounts payable includes the following:

Southeastern Louisiana University	\$ 219,981
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Note 9. Fundraising Expense Ratio

The following represents the entity's fundraising expense ratio for the year ended June 30, 2022:

Total support generated in the statement of activities	\$ 2,330,964
Fundraising expense	\$ 267,910
Fundraising expense ratio	11%

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 10. Contingencies

On February 5, 1998, the Foundation entered into an investment agreement with Southeastern Louisiana University (SLU). Under the terms of this agreement, the Foundation, acting as an agent for SLU, holds funds for endowed professorships, endowed chairs, and endowment funds and provides investment review and management of these funds. The agreement also stipulates that if the principal amount as of June 30th of each year falls below the endowment base, the Foundation must use other revenues to restore the principal amount to the endowment base. As of June 30, 2022, the endowment base is \$10,666,260 and the fair value of the investment is \$19,401,566 resulting in a \$8,735,306 surplus.

Note 11. Concentrations Of Credit Risk Arising From Cash Deposits

Cash

The Foundation maintains its cash balances at banks that are insured by the Federal Deposit Insurance Corporation (FDIC). The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Foundation periodically maintains cash balances in excess of FDIC coverage. The Foundation has not experienced any losses in cash accounts and believes it is not exposed to any significant credit risk to cash.

Accounts Receivable

One grantor accounted for 62% (sixty-two percent) of the accounts receivable balance at June 30, 2022.

Note 12. Liquidity And Availability

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs.

In addition, the Foundation receives support without donor restrictions. Such support is augmented by investment income without donor restrictions, appropriated earnings from gifts with donor restrictions, and administrative fees to support the annual program funding needs.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 12. Liquidity And Availability (continued)

The Foundation considers investment income without donor restrictions, appropriated earnings from donor restricted contributions, and contributions without donor restrictions to be available to meet cash needs for general expenditures. The Foundation considers contributions with donor restrictions available for use in current programs, which are ongoing, major, and central to its annual operations based on the donor's restrictions. General expenditures include programmatic expenses, administrative and general expenses, and fundraising expenses expected to be paid in the subsequent year.

The table below presents financial assets available for general expenditures within one year at June 30, 2022:

Total assets	\$ 74,066,659
Less noncurrent and nonfinancial assets:	
Deferred charges and prepaid expenses	31,556
Noncurrent unconditional promises to give	-
Donated land	1,726,000
Endowment	<u>30,629,326</u>
Total financial assets at year end	41,679,777
Less financial asset designations and restrictions:	
Investments with donor restrictions	<u>36,270,396</u>
Financial assets available for general expenditures over the next 12 months	<u>\$ 5,409,381</u>

As part of its liquidity management, the Foundation has a policy to structure its financial assets to be made available as general expenditures, liabilities, and other obligations become due. If the balances for cash and cash equivalents are deemed sufficient, excess funds are transferred to the money market fund.

Note 13. Risks And Uncertainties

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may impact the contributions, special event revenue and the fair value of investments for the Foundation. At this time the financial impact is unknown.

Southeastern Louisiana University Foundation
Notes To Financial Statements
Year Ended June 30, 2022

Note 14. Comparative Totals For 2021

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Note 15. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 16, 2022.