

**Southeastern Louisiana University  
Foundation**

Financial Report

Year Ended June 30, 2021

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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

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, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility For The Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report On Summarized Comparative Information**

We have previously audited the Southeastern Louisiana University Foundation's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "P. J. P. & Co., LLP".

Metairie, Louisiana  
November 11, 2021

**Southeastern Louisiana University Foundation**  
**Statement Of Financial Position**  
June 30, 2021  
(With Comparative Totals For 2020)

	<u>Assets</u>	
	<u>2021</u>	<u>2020</u>
<b>Current Assets</b>		
Cash	\$ 310,304	\$ 136,149
Accounts receivable	205,105	89,779
Current unconditional promises to give	8,100	13,400
Investments	51,037,984	33,183,078
Prepaid expenses	<u>28,608</u>	<u>11,344</u>
Total current assets	<u>51,590,101</u>	<u>33,433,750</u>
<b>Noncurrent Assets</b>		
Long-term unconditional promises to give, net	2,100	9,100
Investments, endowment	29,606,407	29,012,658
Donated land	<u>1,743,500</u>	<u>1,821,630</u>
	<u>31,352,007</u>	<u>30,843,388</u>
	<u>\$ 82,942,108</u>	<u>\$ 64,277,138</u>
 <b><u>Liabilities And Net Assets</u></b>  		
<b>Current Liabilities</b>		
Accounts payable	\$ 471,487	\$ 183,612
Deferred revenue	1,975	19,100
Agency funds/funds held in custody	<u>22,019,922</u>	<u>17,280,038</u>
Total current liabilities	<u>22,493,384</u>	<u>17,482,750</u>
<b>Long-term Liabilities</b>		
Refundable advances	<u>3,000,000</u>	<u>1,000,000</u>
<b>Net Assets</b>		
Without donor restrictions	1,199,247	1,218,718
With donor restrictions	<u>56,249,477</u>	<u>44,575,670</u>
	<u>57,448,724</u>	<u>45,794,388</u>
	<u>\$ 82,942,108</u>	<u>\$ 64,277,138</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, 2021  
(With Comparative Totals For 2020)

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
<b>Revenue And Other Support</b>				
Unrestricted donations	\$ 68,336	\$ -	\$ 68,336	\$ 146,811
Special events - net	75,524	-	75,524	14,174
Foundation administrative fee	571,143	-	571,143	523,403
Scholarships	-	119,315	119,315	77,263
Professorships	-	93,745	93,745	-
Program donations	-	422,457	422,457	102,814
Restricted donations	-	459,177	459,177	686,355
Other	-	145,449	145,449	304,297
In-kind donations	-	3,060	3,060	109,846
Endowments	-	367,040	367,040	827,502
Investment income - net	31	12,346,084	12,346,115	1,159,776
	<u>715,034</u>	<u>13,956,327</u>	<u>14,671,361</u>	<u>3,952,241</u>
<b>Net Assets Released From Restrictions</b>				
Satisfaction of program restrictions	<u>2,282,520</u>	<u>(2,282,520)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>2,997,554</u>	<u>11,673,807</u>	<u>14,671,361</u>	<u>3,952,241</u>
<b>Expenses</b>				
Program	2,002,320	-	2,002,320	2,777,906
Management and general	700,438	-	700,438	661,909
Fundraising	314,267	-	314,267	335,612
	<u>3,017,025</u>	<u>-</u>	<u>3,017,025</u>	<u>3,775,427</u>
<b>Changes In Net Assets</b>	(19,471)	11,673,807	11,654,336	176,814
Net Assets - Beginning Of Year	<u>1,218,718</u>	<u>44,575,670</u>	<u>45,794,388</u>	<u>45,617,574</u>
Net Assets - End Of Year	<u>\$ 1,199,247</u>	<u>\$ 56,249,477</u>	<u>\$ 57,448,724</u>	<u>\$ 45,794,388</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, 2021  
(With Comparative Totals For 2020)

	<u>2021</u>			<u>2020</u>	
<u>Program</u>	<u>Supporting Activities</u>				
	<u>University Support and Promotions</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>	<u>Total Expenses</u>
Departmental	\$ 549,808	\$ -	\$ -	<b>\$ 549,808</b>	\$ 1,533,565
Endowed Scholarships	652,999	-	-	<b>652,999</b>	715,324
In/Out Scholarships	300,517	-	-	<b>300,517</b>	261,600
Credit card fees	8,637	-	-	<b>8,637</b>	7,438
In-kind	3,060	-	-	<b>3,060</b>	109,846
Transfers to agency funds	347,310	-	-	<b>347,310</b>	80,000
Administrative fee	-	381,143	-	<b>381,143</b>	373,403
Dues	9,007	-	-	<b>9,007</b>	8,450
Fundraising	-	-	111,364	<b>111,364</b>	130,131
Other operating	-	16,007	-	<b>16,007</b>	19,669
Professional development	2,812	-	-	<b>2,812</b>	8,054
Professional fees	42,000	46,880	-	<b>88,880</b>	121,135
Salary and benefits	-	256,408	202,903	<b>459,311</b>	395,183
University promotions	86,170	-	-	<b>86,170</b>	11,629
	<u>\$ 2,002,320</u>	<u>\$ 700,438</u>	<u>\$ 314,267</u>	<u>\$ 3,017,025</u>	<u>\$ 3,775,427</u>

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

## Southeastern Louisiana University Foundation

### Statement Of Cash Flows

Year Ended June 30, 2021

(With Comparative Totals For 2020)

	2021	2020
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 11,654,336	\$ 176,814
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Realized and unrealized (gain) loss on investments	(11,758,658)	(465,737)
Donated land	78,129	-
(Increase) decrease in:		
Accounts receivable	(103,026)	(11,870)
Prepaid expenses	(17,264)	5,230
Increase (decrease) in:		
Accounts payable	287,875	(190,448)
Deferred revenue	1,982,875	1,017,500
Net cash provided (used) by operating activities	2,124,267	531,489
<b>Cash Flows From Investing Activities</b>		
(Purchases) sales of investments - net	(6,689,997)	(35,100)
Increase (decrease) in Agency funds	4,739,884	(465,459)
Net cash provided (used) by investing activities	(1,950,113)	(500,559)
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	\$ 174,154	\$ 30,930
Cash and cash equivalents at beginning of year	136,149	105,219
Cash and cash equivalents at end of year	\$ 310,303	\$ 136,149

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



**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2021

**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.

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.

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.

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary Of Significant Accounting Policies (continued)**

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 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,

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary Of Significant Accounting Policies (continued)**

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.

**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.

**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, 2021. For the year ended June 30, 2021, the Foundation has outstanding refundable advances of \$3,000,000.

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary Of Significant Accounting Policies (continued)**

Donated 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 and some materials are donated to the Foundation's fundraising events by unpaid vendors. The value of the donated services and materials was not reasonably determinable; therefore, no related donation or expense is recorded.

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.

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. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. 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 unexpected income from these funds to be funds held in custody. 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.

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary Of Significant Accounting Policies (continued)**

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.

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, 2021, 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 \$205,105. Management believes the amounts are collectible, and no provision has been made for uncollectible amounts. (See Note 7.)

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment donated to the Foundation are recorded as contributions at their 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

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2021

**Note 1. Summary Of Significant Accounting Policies (continued)**

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.

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 balance sheet 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.

On September 17, 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures of Not-for-Profit Entities for Contributed Non-financial Assets*. 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. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Foundation's fiscal year beginning July 1, 2021, with early adoption permitted. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

**Southeastern Louisiana University Foundation**  
**Notes To Financial Statements**  
Year Ended June 30, 2021

**Note 2. Investments**

Investment fees for the year ended June 30, 2021 are \$267,832. Investments are comprised of the following as of June 30, 2021:

	Fair Value
Cash and Money Market Accounts	\$ 4,830,928
Government Obligations	10,177,323
Corporate Bonds	6,997,839
Equity Securities	57,139,282
Mutual Funds	820,421
Other 1/3 interest in Maurin Farm, LLC	678,599
	\$ 80,644,392

**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.

**Southeastern Louisiana University Foundation**  
**Notes To Financial Statements**  
Year Ended June 30, 2021

**Note 3. Fair Value Measurements (continued)**

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, 2021.

The following table presents the Foundation's assets measured at fair value on a recurring basis at June 30, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Money Market	\$ 4,251,569	\$ 579,359	\$ -	\$ 4,830,928
Government Obligations	1,905,638	8,271,685	-	10,177,323
Corporate Bonds	-	6,997,839	-	6,997,839
Equity Securities	57,139,282	-	-	57,139,282
Mutual Funds	820,421	-	-	820,421
Other 1/3 in Maurin Farm, LLC	-	-	678,599	678,599
	<u>\$ 64,116,910</u>	<u>\$ 15,848,883</u>	<u>\$ 678,599</u>	<u>\$ 80,644,392</u>

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.



**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2021

**Note 3. Fair Value Measurements (continued)**

Investment earnings included in the statement of activities were comprised of the following for the year ended June 30, 2021:

Investment income	\$ 933,420
Realized gains on investments	2,428,241
Unrealized losses on investments	9,330,416
Unrealized loss on land due to appraisal	(78,130)
Investment fees	<u>(267,832)</u>
	<u>\$ 12,346,115</u>

**Note 4. Unconditional Promises To Give Receivable**

Pledges receivable at June 30, 2021 are as follows:

Receivable in less than one year	\$ 8,100
Receivable in one to five years	<u>5,000</u>
Total pledges receivable	13,100
Less allowance for uncollectible pledges	<u>(2,900)</u>
Net pledges receivable at June 30, 2021	<u>\$ 10,200</u>

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

**Note 5. Net Assets**

Net assets with donor restrictions at June 30, 2021 were restricted for the following purposes:

Land	\$ 1,743,500
Scholarships and University Program Support	4,461,408
Endowments	<u>50,044,569</u>
	<u>\$ 56,249,477</u>

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2021

**Note 5. Net Assets (continued)**

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>\$ 29,719,244</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, 2021 as follows:

Scholarships and University	
Program Support	\$ 1,503,324
Endowments	<u>779,196</u>
	<u>\$ 2,282,520</u>

The Foundation's net assets without donor restrictions at June 30, 2021, were comprised of undesignated and Board designated amounts to support the activities below:

Undesignated	\$ 726,736
Board designated for continued University support	269,369
Board designated for capital outlay	<u>203,142</u>
	<u>\$ 1,199,247</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.

**Note 6. 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.

**Southeastern Louisiana University Foundation**  
**Notes To Financial Statements**  
Year Ended June 30, 2021

**Note 6. Endowed Net Assets (continued)**

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% on a five year rolling average of fair value for fiscal year ended June 30, 2021, 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 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.

**Southeastern Louisiana University Foundation**  
**Notes To Financial Statements**  
Year Ended June 30, 2021

**Note 6. Endowed Net Assets (continued)**

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. There were no deficiencies of that nature at June 30, 2021.

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. As of June 30, 2021, no endowments experienced a market value below its original corpus.

	<u>With Donor Restrictions</u>
Endowed Net Assets at June 30, 2020	\$ 38,647,719
Investment return: net appreciation	12,422,078
Contributions (including interfund transfers)	560,824
Appropriation of endowed assets for expenditure	<u>(1,586,052)</u>
Endowed Net Assets at June 30, 2021	<u>\$ 50,044,569</u>

**Note 7. Related Party Transactions**

During the fiscal year ended June 30, 2021, the Foundation occupied office space in a building that was owned by Southeastern Louisiana University Alumni Association, Inc. until January 1, 2021, when the building was transferred to Southeastern Louisiana University. Under the terms of the lease agreement for the land housing the facilities between the Board of Trustees for State Colleges and Universities (Landlord), and the Southeastern Louisiana University Alumni Association, Inc. (Tenant), the Landlord assumed responsibility for repair, maintenance, taxes, and insurance coverage for the facility, and the Tenant agreed to sublease approximately 3,000 square feet of office space to Southeastern Louisiana University including the space housing the Southeastern Louisiana University Foundation.

**Southeastern Louisiana University Foundation**  
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**Note 7. Related Party Transactions (continued)**

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, 2021, accounts receivable includes the following:

Southeastern Louisiana University	\$ 21,234
Lion Athletic Association Inc.	966
Southeastern Louisiana University Alumni Association	4,066

At June 30, 2021, accounts payable includes the following:

Southeastern Louisiana University	\$ 279,619
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**Note 8. Fundraising Expense Ratio**

The following represents the entity's fund raising expense ratio for the year ended June 30, 2021:

Total support generated in the statement of activities	\$ 1,769,062
Fund raising expense	\$ 314,267
Fund raising expense ratio	18%

**Southeastern Louisiana University Foundation**  
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**Note 9. 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 30<sup>th</sup> 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, 2021, the endowment base is \$10,300,000 and the fair value of the investment is \$21,998,689 resulting in a \$11,698,689 surplus.

**Note 10. 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 73% of the accounts receivable balance at June 30, 2021.

**Note 11. 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.

**Southeastern Louisiana University Foundation**  
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**Note 11. Liquidity And Availability (continued)**

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.

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, 2021:

Total assets	\$ 82,942,108
Less non-current and non-financial assets:	
Deferred charges and prepaid expenses	28,608
Noncurrent unconditional promises to give	2,100
Donated land	1,743,500
Endowment	<u>29,606,407</u>
Total financial assets at year end	51,561,493
Less financial asset designations and restrictions:	
Investments with donor restrictions	<u>47,302,594</u>
Financial assets available for general expenditures over the next 12 months	<u>\$ 4,258,899</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.

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**Note 12. 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 Organization. At this time the financial impact is unknown.

**Note 13. Comparative Totals For 2020**

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, 2020, from which the summarized information was derived.

**Note 14. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 11, 2021.