

NSU FACILITIES CORPORATION
THIBODAUX, LA

FINANCIAL STATEMENTS

June 30, 2016

with

INDEPENDENT AUDITORS' REPORT
THEREON

Table of Contents
NSU Facilities Corporation
June 30, 2016

Introductory Section:

Title Page..... i
Table of Contents..... ii

Financial Section:

Independent Auditors' Report..... 1
Statements of Financial Position 2
Statements of Activities 3
Statements of Cash Flows 4
Notes to Financial Statements 5

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— CERTIFIED PUBLIC ACCOUNTANTS —
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA
MARK S. FELGER, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
NSU Facilities Corporation
Thibodaux, Louisiana

We have audited the accompanying financial statements of NSU Facilities Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years 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 statements based on our audits. We conducted our audits 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 of 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 risk 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 the NSU Facilities Corporation as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Houma, Louisiana
August 31, 2016



NSU Facilities Corporation
Statements of Financial Position
June 30, 2016 and 2015

ASSETS

	2016	2015
Current assets:		
Investment - bond reserves	\$ 1,891,815	\$ 2,482,283
Lease income receivable	42,922	229,052
Prepaid expenses	73,225	73,225
Accrued interest receivable	767	12,651
Total current assets	2,008,729	2,797,211
Restricted for debt service:		
Investment - debt service reserves	4,988,203	5,368,358
Fixed assets:		
Infrastructure improvements	2,905,424	2,905,424
Building improvements	6,388,554	6,388,554
Buildings	68,593,293	67,504,829
Total depreciable assets	77,887,271	76,798,807
Less accumulated depreciation	(22,544,383)	(19,160,765)
Net depreciable assets	55,342,888	57,638,042
Construction in progress	1,312,649	685,173
Total fixed assets	56,655,537	58,323,215
Other assets:		
Debt issuance costs, net	1,829,195	2,087,950
Total assets	\$ 65,481,664	\$ 68,576,734

LIABILITIES AND NET ASSETS (DEFICIT)

Current liabilities:		
Accounts payable	\$ 525,020	\$ 321,598
Accrued interest payable	200,820	247,075
Current maturities of long-term debt	1,855,000	1,695,000
Total current liabilities	2,580,840	2,263,673
Long-term liabilities:		
Tax-exempt bonds payable, net	54,098,509	55,823,478
Taxable bonds payable, net	3,590,000	3,798,250
Unamortized swap interest	165,052	171,918
Deferred lease income	6,535,329	6,691,085
Total long-term liabilities	64,388,890	66,484,731
Total liabilities	66,969,730	68,748,404
Net assets (deficit), unrestricted	(1,488,066)	(171,670)
Total liabilities and net assets (deficit)	\$ 65,481,664	\$ 68,576,734

NSU Facilities Corporation
Statements of Activities
Years Ended June 30, 2016 and 2015

	2016	2015
Changes in unrestricted net assets:		
Revenues and gains:		
Lease income	\$ 5,693,119	\$ 6,412,622
Interest income	141,666	138,158
Total revenues	5,834,785	6,550,780
Expenses and losses:		
Amortization expense	140,386	145,744
Depreciation expense	3,383,618	3,346,885
Maintenance and repairs	57,285	-
Interest expense	2,694,719	2,788,256
Professional and legal	502,255	526,416
Total expenses	6,778,263	6,807,301
Loss on debt extinguishment	372,918	-
Total expenses and losses	7,151,181	6,807,301
Change in unrestricted net assets (deficit)	(1,316,396)	(256,521)
Net assets (deficit):		
Beginning of the year	(171,670)	84,851
End of the year	\$ (1,488,066)	\$ (171,670)

NSU Facilities Corporation
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Operating activities:		
Change in net assets	\$ (1,316,396)	\$ (256,521)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,383,618	3,346,885
Amortization of bond discount and bond issuance costs	140,388	145,745
Loss on debt extinguishment	372,918	-
Changes in assets and liabilities:		
Lease income receivable	186,130	(152,651)
Accrued interest receivable	11,884	(11,111)
Accrued interest payable	(53,121)	(12,493)
Deferred lease income	(155,756)	(477,645)
Prepaid expenses	-	(73,225)
Total adjustments	3,886,061	2,765,505
Net cash provided by (used in) operating activities	2,569,665	2,508,984
Investing activities:		
Purchase of investments	(567,204)	(770,703)
Proceeds from investments	1,537,827	215,786
Payments for fixed assets	(1,512,518)	(409,067)
Net cash provided by (used in) investing activities	(541,895)	(963,984)
Financing activities:		
Proceeds from bond issuance	5,975,000	-
Bond payments	(7,835,000)	(1,545,000)
Payment of bond issue costs	(167,770)	-
Net cash provided by (used in) financing activities	(2,027,770)	(1,545,000)
Net increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents		
Beginning of year	-	-
End of year	\$ -	\$ -
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 2,747,840	\$ 2,800,749

NSU FACILITIES CORPORATION

Notes to Financial Statements

NOTE 1- FORMATION, OWNERSHIP, AND BUSINESS OF THE CORPORATION

The Organization

The NSU Facilities Corporation (the Corporation) is a nonprofit and is formed to promote, assist, and benefit the mission of Nicholls State University (the University) through the acquisition, construction, development, management, leasing as lessor or lessee, mortgaging and/or conveying student housing and facilities on the campus of the University.

The Corporation participated in bond issuances by borrowing money from The Louisiana Local Government Environmental Facilities and Community Development Authority (the "Issuer") who issued \$3,320,000 (Series 2006A), \$5,000,000 (Series 2006B), \$17,680,000 (Series 2007A), \$32,380,000 (Series 2007B), \$10,860,000 (Series 2010) and \$1,975,000 (Series 2016A), and \$4,000,000 (Series 2016B) in revenue bonds which will be payable solely from the revenues of the Corporation. The bond proceeds are used to acquire, construct, develop, and renovate fixed assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned; expenses and costs are recognized when incurred.

Investment securities

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Short-term investments held restricted for debt service and other purposes under the bond indentures are stated at cost which approximates market value.

Unrestricted net assets

None of the Corporation's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

Income Taxes

The Corporation is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Corporation's Form 990, Return of Organization Exempt from Income Tax, is generally subject to examination by the Internal Revenue Service for three years after the return was filed.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the

NSU FACILITIES CORPORATION

Notes to Financial Statements, continued

financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates; however, in the opinion of management such differences will not be material to the financial statements.

Revenue recognition

Lease revenue consists of base rentals and additional rental. Base rentals are determined by the annual debt service requirement of the corporation and are accrued ratably over the lease. Additional rentals consist of any and all expenses, of every nature, character, and kind whatsoever, incurred by the management, operation, ownership, and/or maintenance of the facilities. Additional rentals are recorded as revenue when the related expense is incurred.

Cash and cash equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months except for short-term investments held in the Corporation's investment account, which are primarily held for investment in long-term assets or reserved for the payment of long-term debt. The carrying value of cash and cash equivalents is cost, which approximates fair value because of the short maturities of those financial instruments. The Corporation has no cash or cash equivalents at June 30, 2016 and 2015.

Fixed assets and depreciation

Fixed assets are recorded at cost and include interest capitalized in connection with major long-term construction projects. Replacements and major improvements are capitalized; maintenance and repairs are charged to operations as incurred. Depreciation is computed using the straight-line method over the estimated useful property lives as follows:

Infrastructure improvements	16 – 18 Years
Building improvements	22 – 23 Years
Buildings	10 – 32 Years
Construction in progress	No depreciation taken.

Depreciation expense totaled \$3,383,618 and \$3,346,885 for the years ended June 30, 2016 and 2015, respectively. Substantially all of the Corporation's fixed assets are pledged to secure long-term debt as discussed in Note 6.

Construction in progress

Construction in progress consists of development costs, direct and indirect construction costs and capitalized interest. The costs are accounted for as construction in progress until such time as the project is complete and the assets are placed into service. The assets are then classified as property and equipment and depreciated accordingly.

Capitalized interest is recorded based upon interest expense incurred on the Corporation's borrowings, offset by the investment income earned on the related tax-exempt bond

NSU FACILITIES CORPORATION

Notes to Financial Statements, continued

proceeds. Total interest incurred for the years ended June 30, 2016 and 2015 was \$2,694,719 and \$2,788,256, respectively, all of which was charged to expense.

Debt issuance costs

Costs incurred in connection with the issuance of the bonds are amortized using the straight-line method over the lives of the associated bonds and are reported net of accumulated amortization as follows at June 30,:

	2016	2015
Debt issuance costs, gross	\$ 2,597,173	\$ 2,976,745
Accumulated amortization	(767,978)	(888,795)
Debt issuance costs, net	<u>\$ 1,829,195</u>	<u>\$ 2,087,950</u>

NOTE 3 – INVESTMENTS - BOND RESERVES

The funds held by the Bond Trustees consist of cash, money market investments, and a guaranteed investment contract issued by an insurance company. These short-term investments are stated at cost, which approximates market.

Under the terms of the various Trust Indentures or similar documents, various funds such as Project, Capitalized Interest, Replacement, and Debt Service must be established and maintained for each of the projects. These or associated documents govern the types of investments and requirements for collateralization.

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

Investment income is generally reported as a change in net assets. Investment income on the proceeds of tax-exempt bonds is reported as a change in net assets to the extent it exceeds capitalized interest on the related project.

Investments consist of the following at June 30:

	2016	2015
	<u>Carrying Value</u>	<u>Carrying Value</u>
Investment – bond reserves:		
Money Market Funds	<u>\$ 1,891,815</u>	<u>\$ 2,482,283</u>
Investment – debt services reserves:		
Money Market Funds	\$ 1,712,252	\$ 2,092,405
Guaranteed investment contract:		
Natixis Funding Corp 4.213%	3,275,951	3,275,953
	<u>\$ 4,988,203</u>	<u>\$ 5,368,358</u>

NSU FACILITIES CORPORATION

Notes to Financial Statements, continued

Investment return consists of interest income on short-term investments in the amounts of \$141,666 and \$138,158 for the years ended June 30, 2016 and 2015, respectively.

NOTE 4 – GROUND LEASE

The Corporation leases the land on which the facilities are located from the Board of Supervisors of the University of Louisiana System, pursuant to ground lease agreements commencing on May 1, 2006 and August 1, 2007 and February 1, 2016. In connection with the issuance of the Series 2016A and Series 2016B bonds, the May 1, 2006 lease agreement was superseded by the February 1, 2016 lease agreement. Lease payments of \$2 per year are payable to the Board in advance. The lease term extends until the related bond issue is paid or defeased or the Board exercises its option to purchase under the Facilities Lease.

The Corporation leases the land and improvements on which the recreation center is located from the Board of Supervisors of the University of Louisiana System, pursuant to the ground lease agreement commencing on April 1, 2009. Lease payments of \$1 per year are payable to the Board in advance. The lease term extends until the related bond issue is paid or defeased. The lease may also terminate upon failure to commence construction of the project within three years, mutual agreement of the Corporation and the Board, or if the Board exercises its option to purchase under the Facilities Lease.

NOTE 5 – FACILITIES LEASE

The Corporation leases facilities to the Board under facilities lease agreements (the "Facilities Leases"), beginning May 1, 2006, August 1, 2007, December 1, 2010 and February 1, 2016. In connection with the issuance of the Series 2016A and Series 2016B bonds, the May 1, 2006 facilities lease agreement was superseded by the February 1, 2016 facilities lease agreement. The rental payments under the Facilities Leases consist of Base Rentals and Additional Rentals. Base Rentals are equal to the annual debt service payments due on the Corporation's long-term bonds and deposits to repair and replacement reserves as required under the bond indentures. Additional Rental consists of any and all expenses, of every nature, character, and kind whatsoever, incurred by the Corporation on behalf of the Board and/or by the Board or the University in the management, operation, ownership, and/or maintenance of the facilities. The Board shall be entitled to a credit against and reduction of each Base Rental payment in an amount equal to any amounts derived from accrued interest from the sale of the Bonds and/or surplus moneys, including investment earnings.

The leases include purchase options under which the Board may elect to purchase the leased facilities for an amount equal to the outstanding principal and interest due on the bonds plus any prepayment penalties and any other costs or charges which may become due as a result of the prepayment.

Minimum future lease revenues consist of Base Rental payments. Additional Rentals are considered contingent rentals because they are not fixed in the lease agreements. Contingent rentals of \$1,719,557 and \$1,094,817 are included in rental income for the years

NSU FACILITIES CORPORATION

Notes to Financial Statements, continued

ended June 30, 2016 and 2015, respectively. Minimum rental payments to be received under non-cancelable operating leases over the next five years are as follows:

Year Ending June 30,	Amount
2017	\$ 5,350,965
2018	5,359,150
2019	5,362,547
2020	5,355,524
2021	5,365,881
2022 and thereafter	84,433,493
Total	<u>\$21,428,186</u>

NOTE 6 – LONG-TERM DEBT

Bonds payable

On May 1, 2006, the Louisiana Local Government Environmental Facilities and Community Development Authority (the Issuer) issued \$3,320,000 of non-taxable Series 2006A Bonds and \$5,000,000 of taxable Series 2006B Bonds pursuant to an Indenture of Trust between the Issuer and the J.P. Morgan Trust Company, N.A. (the Trustee).

Pursuant to loan agreements between the Issuer and the Corporation, the Issuer has loaned the proceeds of the Bonds to the Corporation. The proceeds are being used to finance improvements to streets and parking facilities and the cafeteria and Student Union facilities, provide working capital for operation of the new and renovated facilities, fund interest on the bonds during the construction and renovation period, fund a Debt Service Reserve Fund, and pay the cost of issuing the bonds.

On August 23, 2007, the Louisiana Local Government Environmental Facilities and Community Development Authority (the Issuer) issued \$17,680,000 of non-taxable Series 2007A Bonds and \$32,380,000 of non-taxable Series 2007B Bonds pursuant to an Indenture of Trust between the Issuer and the J. P. Morgan Trust Company, N.A. (the Trustee).

Pursuant to loan agreements between the Issuer and the Corporation, the Issuer has loaned the proceeds of the Bonds to the Corporation. The proceeds are being used to finance the demolition of four existing housing facilities and a university police building, the renovation of La Maison du Bayou, Calecas Hall and Ellender Hall, the development and construction of approximately 606 new suite configuration on-campus student housing beds and related facilities, the acquisition by the Corporation of a leasehold interest in 408 existing apartment beds on campus, the defeasance of the prior bonds associated therewith, currently outstanding in the amount of \$15,720,000, funding a deposit to the Debt Service Reserve Fund, paying capitalized interest on the Series 2007 Bonds and paying the cost of issuance of the Series 2007 Bonds.

On December 1, 2010, the Louisiana Local Government Environmental Facilities and Community Development Authority (the Issuer) issued \$10,860,000 of non-taxable Series

NSU FACILITIES CORPORATION

Notes to Financial Statements, continued

2010 Bonds pursuant to an Indenture of Trust between the Issuer and Regions Bank (the Trustee).

Pursuant to loan documents between the Issuer and the Corporation, the Issuer has loaned the proceeds of the Bonds to the corporation. The proceeds are being used to finance a new recreation center and pay the cost of issuing the bonds.

Pursuant to security agreements, leasehold deeds to secure debt, assignment of contract documents and assignment of rents between the Corporation and the Trustees, the Corporation grants to the Trustee first lien security title in the leasehold estates created by the ground leases and a security interest in the revenues and accounts generated by the operations of the Corporation. The Corporation also assigned to the Trustee its rights under various agreements and contracts. Pursuant to the Indenture, the Issuer assigned all of their interest in the loan agreements to the Trustee to secure the bonds.

On February 1, 2016, the Louisiana Local Government Environmental Facilities and Community Development Authority (the issuer) issued \$1,975,000 of non-taxable Series 2016A Bonds and \$4,000,000 of taxable Series 2016B bonds pursuant to an Indenture of Trust between the issuer and Regions Bank (the Trustee).

Pursuant to loan agreements between the issuer and the Corporation, the Issuer has loaned the proceeds of the bonds to the Corporation. The proceeds are being used to redeem the Series 2006A and the Series 2006B bonds and pay for the cost of issuing the bonds.

Long-term debt consists of the following at June 30:

Taxable bonds:	2016	2015
Series 2006B - \$5,000,000 taxable term bonds payable dated May 1, 2006; due at various intervals through April 1, 2031; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 6.6899%; secured by leasehold deed and assignment of rents.	\$ -	\$ 3,970,000
Series 2006B - \$4,000,000 taxable term bonds payable dated February 1, 2016; due at various intervals through April 1, 2030; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 3.71%; secured by leasehold deed and assignment of rents.	3,800,000	-
Subtotal	3,800,000	3,970,000
Less unamortized discount	-	(26,750)
Less current maturities	(210,000)	(145,000)
Taxable bonds payable, net	\$ 3,590,000	\$ 3,798,250

NSU FACILITIES CORPORATION

Notes to Financial Statements, continued

	2016	2015
Tax-exempt bonds:		
Series 2006A - \$3,320,000 tax-exempt term bonds payable dated May 1, 2006; due at various intervals through April 1, 2026; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 4.649%; secured by leasehold deed and assignment of rents.	\$ -	\$ 2,170,000
Series 2007A - \$17,680,000 tax-exempt term bonds payable dated August 23, 2007; due at various intervals through June 1, 2024; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 4.3839%; secured by leasehold deed and assignment of rents.	11,685,000	12,875,000
Series 2007B - \$32,380,000 tax-exempt term bonds payable dated August 23, 2007; due at various intervals through June 1, 2039; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 4.122%; secured by leasehold deed and assignment of rents.	32,380,000	32,380,000
Series 2010 - \$10,860,000 tax-exempt term bonds payable dated December 1, 2010; due at various intervals through October 1, 2041; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 4.6110%; secured by leasehold deed and assignment of rents.	10,070,000	10,275,000
Series 2016A - \$1,975,000 tax-exempt term bonds payable dated February 1 2016; due at various intervals through April 1, 2025; payable in semi-annual installments of interest and annual installments of principal; average coupon rate of 2.30%; secured by leasehold deed and assignment of rents.	1,875,000	-
Subtotal tax-exempt bonds	56,010,000	57,700,000
Less unamortized discount	(266,492)	(326,522)
Less current maturities	(1,645,000)	(1,550,000)
Tax-exempt bonds payable, net	\$ 54,098,508	\$ 55,823,478

NSU FACILITIES CORPORATION

Notes to Financial Statements, continued

Extinguishment of debt

On February 1, 2016, the Corporation redeemed \$2,170,000 of Series 2006A bonds due in varying amounts through April 2026 and \$3,970,000 of Series 2006B bonds due in varying amounts through April 2031. The bonds were redeemed at face value and the transaction resulted in a loss of \$372,918. The bonds were redeemed with the proceeds of the Series 2016A and Series 2016B bonds.

Net unamortized discount

The net bond discount recognized upon the issuance of the bonds is being amortized over the life of the bonds using the straight-line method which materially approximates the effective interest method.

Maturities of long-term debt at June 30, 2016 are as follows:

	Tax-exempt bonds payable	Taxable bonds payable
Year ending June 30,:		
2017	\$ 1,660,731	\$ 210,000
2018	1,725,731	220,000
2019	1,785,731	225,000
2020	1,845,731	235,000
2021	1,920,731	245,000
2022 and thereafter	47,071,345	2,665,000
	\$ 56,010,000	\$ 3,800,000

Interest Rate Swap Agreement

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") issued its \$32,380,000 Revenue Bonds (Nicholls State University Student Housing / NSU Facilities Corporation Project) Series 2007B Bonds (the "Bonds"), the proceeds of which were loaned to the NSU Facilities Corporation (the "Corporation"). The Bonds were issued as variable rate securities and bear interest at the variable rate in effect from time to time. On December 16, 2010 the bonds were converted to a different variable rate mode, from auction rate to a variable rate demand bond secured by the existing Assured Guaranty bond insurance with liquidity provided by a Regions Bank stand-by bond purchase agreement confirmed by a Federal Home Loan Bank-Atlanta letter of credit. The necessity of this conversion was due to the disruption in the auction rate market place.

Objective of the interest rate swap: In order to hedge interest rate exposure on the Bonds at the request of the Corporation, the Authority entered into an interest rate swap (the "Swap") with Morgan Keegan Financial Products, Inc. (the "Provider"). The Swap was originally effective as of August 15, 2007 and was subsequently amended on June 20, 2008 as more fully described in the Master Agreement, Schedule to the Master Agreement, Replacement Transaction Agreement and Confirmation dated August 15, 2007 and the Amended Confirmation dated June 20, 2008 (the "Swap Documents").

NSU FACILITIES CORPORATION

Notes to Financial Statements, continued

Corporation Liable for Swap Payments. The Corporation is liable to the Authority to make Swap payments and Bond debt service payments pursuant to the terms of the transaction documents. Any amounts owed by the Authority to the Provider of the Swap are obligations of the Corporation.

Terms: Under the terms of the Swap since July 1, 2010, the Authority pays a fixed rate of 4.122%, and the Provider pays a variable rate equal to 70% of the London Interbank Offered Rate (LIBOR) beginning July 1, 2010 through June 1, 2039, all as more fully described in the Swap Documents.

Fair Value: The fair value of the swap agreement as of June 30, 2016, which is not reported in the financial statements, was \$14,710,000 in favor of the Provider. The fair value was provided by Sisung Securities Corporation.

Credit Risk: Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2016, the Authority is not exposed to credit risk because the swap has a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would be exposed to credit risk in the amount of the swap's fair value.

Basis Risk: Basis risk is the risk that arises when variable interest rates on a swap and the associated debt are based on different indexes. The interest rates for the swap are a variable rate equal to 70% of the one month London Interbank Offered Rate (LIBOR) and the bonds are based on the Securities Industry and Financial Markets Association Swap Index (formerly the Bond Market Association Municipal Swap Index, also known as SIFMA or BMA); therefore, the Authority is subject to basis risk.

Termination Risk: The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap agreement may be terminated if either party fails to make payment, when due, under the swap agreement; breaches the agreement; made or repeated or deemed to have made or repeated a misrepresentation; bankrupts; or merges without assumption or commits an illegality. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

Rollover Risk: Rollover risk is the risk that the swap does not extend to the maturity of the associated debt. The Authority is not exposed to rollover risk because the swap terminates in conjunction with the maturity of the associated bond. The swap terminates on June 1, 2039, and the bonds mature on June 1, 2039.

Interest Rate Risk: Interest rate risk is the risk that the interest rate will change over some interval while the bonds are outstanding. The Authority has entered into this fixed rate swap agreement to mitigate interest risk associated with the underlying variable rate bonds.

NOTE 7 – CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

Substantially all of the Corporation's revenues are generated through the lease of student housing and other facilities to Nicholls State University. The University's primary sources of

NSU FACILITIES CORPORATION

Notes to Financial Statements, continued

funding for the lease payments are student fees for room and board, parking and other student assessments. The Legislature of the State of Louisiana and the Board of Supervisors of the University of Louisiana System have significant control over the future funding and operations of the University. Changes in funding or policy by these entities, which result in a significant decrease in student enrollment, could have a significant adverse impact on the Corporation.

NOTE 8 – SUBSEQUENT EVENTS

The Corporation evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through August 30, 2016, the date the financial statements were available for issuance.

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To the Board of Directors and the
Executive Director
Nicholls State University Foundation, Inc.
Thibodaux, LA

In planning and performing our audit of the financial statements of Nicholls State University Foundation, Inc., as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Nicholls State University Foundation, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in Nicholls State University Foundation, Inc.'s internal control to be a material weakness:

2017-1 Material Audit Adjustments

Condition: During the audit, we noted material misstatements of revenues and expenses, and misclassifications of net assets.

Criteria: Under accounting standards generally accepted in the United States (US GAAP), revenues and expenses should be classified in a manner to allow for the proper classification of ending net assets as permanently restricted, temporarily restricted, or unrestricted according to the existence or absence of donor-imposed restrictions.

Cause: Accounting personnel did not have sufficient experience or knowledge regarding the proper classification of revenues, expenses and net assets in accordance with US GAAP, as it applies to nonprofit organizations.

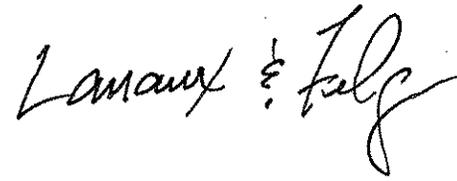
Effect: Revenues and expenses were overstated on the trial balance by \$1,429,960 for the year ended June 30, 2016, and the ending balances of the three classes of net assets were misstated. Total ending net assets were not overstated as of June 30, 2016.

Recommendation: We proposed adjusting entries to properly classify revenues, expenses, and net assets in accordance with accounting principles generally accepted in the United States.

Current status: Management recorded the adjusting entries as of June 30, 2016 and has engaged the services of an external accounting firm to assist with recording transactions and maintaining the general ledger for future periods. The matter is considered resolved.

This communication is intended solely for the information and use of management the Board of Directors, others within the Organization, the Board of Regents of the University of Louisiana System, and the Louisiana Legislative Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

Houma, Louisiana
October 13, 2017

A handwritten signature in black ink, appearing to read "Lamont E. Felt". The signature is written in a cursive style with a large initial "L" and a distinct "E" and "F".

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A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA
MARK S. FELGER, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

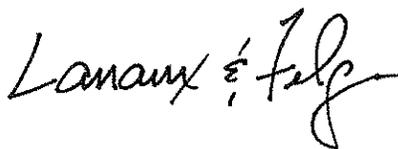
We have performed the procedures described in the attached schedule, which were agreed to by the Nicholls State University Foundation, Inc. (the Foundation) and the University of Louisiana System (the System), on the investments of the Endowed Chair, Endowed Professorship, and Endowed 1st Generation Scholarship Programs of the Foundation as of June 30, 2016 and for the fiscal year then ended. The Foundation's management is responsible for the Foundation's investments. The sufficiency of these procedures is solely the responsibility of those specified parties in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attached schedule either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in Schedules 1 and 2.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the investments of the Endowed Chair, Endowed Professorship, and Endowed 1st Generation Scholarship Programs of the Foundation. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Nicholls State University Foundation, Inc. and the University of Louisiana System and is not intended to be and should not be used by anyone other than those specified parties.

Houma, Louisiana
October 13, 2017



Nicholls State University Foundation, Inc.

Schedule 1

1. Confirmation of the balance of the state funds held by the Foundation at June 30, 2016 including earnings on those funds (including providing the recorded values and market values as of June 30, 2016) by performance of the following procedures:
 - a. Confirmed in writing the total market value of the investments of the Foundation as of June 30, 2016 with the investment company.
 - b. Agreed opening balances of the state funds as of July 1, 2015 to the prior year audit workpapers.
 - c. Examined the collections of the state funds received for the fiscal year ended June 30, 2016.
 - d. Calculated the earnings of the state funds for the year ended June 30, 2016 by multiplying the total investment earnings by the state contribution factor of 40%.
 - e. Calculated the balance of state funds as of June 30, 2016 by adding the beginning balance, receipts and earnings.
 - f. Agreed the interest, dividends and capital gains (losses) net of participant fees to the investment company's report.

The results of our procedures detailed above indicated no exceptions to the market value of the state funds as of June 30, 2016 and 2015, as shown on the attached Schedule 2.

2. Reviewed the Foundation's investment policy as it relates to the state funds to ensure compliance with those provisions.

We read and obtained an understanding of the Foundation's investment policy and the Louisiana Board of Regents *Statement of Investment Policy and Objectives* for the Endowed Chair, Endowed Professorship, and Endowed 1st Generation Scholarship Programs, and we compared those policies to the information we obtained in Procedure 1 above. No exceptions were noted as a result of performing the procedure.

3. Verified that the earnings generated from the pooled assets were properly allocated to the state funds. No exceptions were noted as a result of performing the procedure.

Nicholls State University Foundation, Inc.

Schedule 2

	Market Value	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>
State funds held in custody	\$ 3,663,126	\$ 3,795,719
University endowments held in custody	<u>6,744,815</u>	<u>7,137,405</u>
Total funds held in custody	<u>\$ 10,407,941</u>	<u>\$ 10,933,124</u>

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
THIBODAUX, LA

Financial Reports

June 30, 2016

Table of Contents

Nicholls State University Foundation, Inc.

June 30, 2016

	<u>Page Number</u>
Introductory Section:	
Title Page	i
Table of Contents.....	ii
Financial Section:	
Independent Auditors' Report.....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information Section:	
	<u>Schedules</u>
Schedules of Program Services	1 16
Schedules of Support Services	2 17
Schedules of Funds Held in Custody	3 18

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THOMAS J. LANAUX, CPA
MARK S. FELGER, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

We have audited the accompanying financial statements of Nicholls State University Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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.

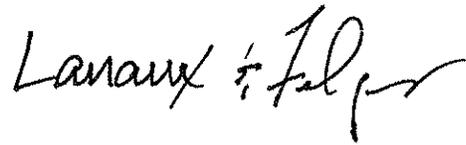
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nicholls State University Foundation, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program services, support services, and funds held in custody on pages 16 through 19 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Houma, Louisiana
October 13, 2017



Nicholls State University Foundation, Inc.
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 783,277	\$ 616,659
Invested cash	251,448	133,306
Total cash and cash equivalents	1,034,725	749,965
Restricted cash - Endowed		
Chairs and Professorships	629,484	386,253
Investments	21,184,877	22,018,078
Accrued interest	63,551	19,741
Accounts receivable	73,575	40,928
State matching funds receivable	40,000	160,000
Antique collection	75,830	75,830
Total assets	\$ 23,102,042	\$ 23,450,795
Liabilities		
Accounts payable	\$ 73,855	\$ 41,028
Notes payable	1,400,000	1,600,000
Funds held in custody:		
State funds	3,663,126	3,795,719
University funds	6,744,815	7,137,405
Total liabilities	11,881,796	12,574,152
Net Assets		
Unrestricted	(650,797)	(915,895)
Temporarily restricted	4,505,112	4,793,504
Permanently restricted	7,365,931	6,999,034
Total net assets	11,220,246	10,876,643
Total	\$ 23,102,042	\$ 23,450,795

See accompanying notes to financial statements

Nicholls State University Foundation, Inc.

Statements of Activities

Years Ended June 30, 2016 and 2015

	2016	2015
Changes in Unrestricted Net Assets		
Revenue:		
Contributions - memberships	\$ 70,774	\$ 127,799
Dividends and interest income	51,334	30,789
Gain (loss) on investments, net	(194,989)	10,026
Other revenues	96,293	93,957
Total revenues	23,412	262,571
Net assets released from restrictions:		
Satisfaction by payment	3,039,103	3,843,077
Total unrestricted revenue	3,062,515	4,105,648
Expenses:		
Program services	2,333,895	3,840,638
Support services	463,522	943,753
Total expenses	2,797,417	4,784,391
Increase (Decrease) in Unrestricted Net Assets	265,098	(678,743)
Changes in Temporarily Restricted Net Assets		
Contributions	1,154,128	1,333,632
Dividends and interest income	216,923	293,274
Gain (loss) on investments, net	(76,307)	45,411
Colonels Brigade support	1,355,965	955,692
John Folse Culinary Institute support	47,325	280,878
Special fundraising events	127,047	234,380
Transfer to permanently restricted net assets	(74,370)	(170,732)
Net assets released from restrictions:		
Restrictions satisfied by payments	(3,039,103)	(3,843,077)
Increase (Decrease) in Temporarily Restricted Net Assets	(288,392)	(870,542)
Changes in Permanently Restricted Net Assets		
Contributions	292,527	338,479
Dividends	-	258
Gain (loss) on investments, net	-	(64)
Transfers from temporarily restricted net assets	74,370	170,732
Increase in Permanently Restricted Net Assets	366,897	509,405
Increase (Decrease) in Net Assets	343,603	(1,039,880)
Net Assets at Beginning of Year	10,876,643	11,916,523
Net Assets at End of Year	\$ 11,220,246	\$ 10,876,643

See accompanying notes to financial statements.

Nicholls State University Foundation, Inc.
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ 343,603	\$ (1,039,880)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Net (gain) loss from investments	(269,279)	65,885
(Appreciation) depreciation in value of investments	522,289	(121,321)
(Increase) decrease in:		
Accounts receivable	(32,647)	4,845
State matching funds receivable	120,000	(80,000)
Accrued interest	(43,810)	8,202
Increase (decrease) in:		
Accounts payable	32,827	14,754
Funds held in custody	(525,183)	86,528
Contributions and investment income restricted for endowment purposes	(292,527)	(338,673)
Total adjustments	(488,330)	(359,780)
Net cash provided by (used in) operating activities	(144,727)	(1,399,660)
Cash Flows from Investing Activities		
Proceeds from sales of investments	7,367,990	6,150,858
Purchase of investments	(7,031,030)	(6,575,926)
Net cash provided by (used in) investing activities	336,960	(425,068)
Cash Flows from Financing Activities		
Repayment of notes payable	(200,000)	-
Endowment fund contributions	292,527	338,479
Investment income restricted for endowments	-	194
Net cash provided by financing activities	92,527	338,673
Net increase (decrease) in cash and cash equivalents	284,760	(1,486,055)
Cash and cash equivalents at beginning of year	749,965	2,236,020
Cash and cash equivalents at end of year	\$ 1,034,725	\$ 749,965
 Non-cash investing and financing activities:		
Non-cash contributions received - investment securities	\$ -	\$ 18,988

See accompanying notes to financial statements.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a) **Organization**

The Nicholls State University Foundation, Inc. (the Foundation) was incorporated under Title 12, Section 101 et seq. of the State of Louisiana laws as a non-profit organization on June 25, 1964.

The objects and purposes of this corporation are to promote, stimulate and improve the educational, cultural, moral and material welfare of Nicholls State University (the University); to promote, improve and encourage closer cultural, moral, and intellectual intercourse therewith between the members of this corporation and the University; to give financial aid to needy and deserving students; to promote and encourage research and scholastic excellence among the faculty members of the University; to buy, sell, lease, erect, or otherwise acquire lands and all necessary buildings and appurtenances to further such ends, to hold, maintain and operate same, to sell, lease or dispose thereof and generally to do all things necessary or proper to achieve such ends. This corporation is organized and shall be operated exclusively for educational, scientific and literary purposes.

b) **Financial Statement Presentation**

Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the principal not be expended, but rather invested to provide a permanent source of income for the Foundation's programs.

c) **Basis of Accounting**

Assets, liabilities, revenues and expenses are recognized on the accrual method of accounting for financial statement presentation and the cash basis for federal income tax purposes.

d) **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of support,

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

e) Cash and Cash Equivalents

For purposes of the statements of cash flow, the Foundation considers all highly liquid, unrestricted investments with an initial maturity of three months or less to be cash equivalents.

f) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. Other investments, including hedge funds and other externally managed investments are not readily marketable and are reported at fair value utilizing the most current information provided by the external advisor, subject to assessments that the information is representative of fair value and in consideration of any additional factors deemed pertinent to the fair value measurement.

Dividend, interest, and other investment income, including realized and unrealized gains or losses, is recorded as an increase in unrestricted, temporarily restricted, or permanently restricted net assets depending on donor stipulations.

g) Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restriction. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

h) 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 within 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. Uncollectible promises to give are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or change in net assets.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

i) Collections

Donations of collections are recorded as support at their estimated fair value at the date of their donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. 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 as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

j) Expense Allocation

The costs of providing various programs and other activities are summarized on a functional basis in the financial statements. Accordingly, certain costs are allocated among the programs and supporting services benefited.

k) Funds Held in Custody

The Foundation has received various matching grants from the State of Louisiana under the Eminent Scholars Endowed Chairs and Endowed Professorships programs which are only approved after certain levels of private funding have been raised. The Foundation must comply with certain policies, procedures, and regulations regarding the administration of these programs.

l) Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as a public charity. Therefore, no provisions for income taxes have been made. The Foundation's Form 990, Returns of Organizations Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they were filed.

2) CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Foundation maintains several bank accounts at Capital One Bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution exceeded federally insured limits by \$564,955 as of June 30, 2016. Money market mutual funds included in cash equivalents totaled \$251,448 and \$133,306 at June 30, 2016 and 2015, respectively. These amounts were uninsured. Restricted cash, which consists of money market mutual funds invested for the Endowed Chairs and Professorships Program, totaled \$629,484 and \$386,253 at June 30, 2016 and 2015, respectively. These amounts were also uninsured.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

3) INVESTMENTS

At June 30, 2016 and 2015, the Foundation's investments, carried at fair value, consisted of the following:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Equity securities:		
Corporate stock	\$ 4,469,250	\$ 6,007,450
Stock mutual funds	3,963,118	5,241,372
Bond mutual funds	2,213,253	2,543,958
Exchange traded funds	1,214,992	3,220,287
Other investments	1,712,172	1,744,799
Debt securities:		
Corporate bonds	4,521,335	-
Obligations of states and municipal governments	2,045,538	2,093,564
Equity linked notes	1,045,219	1,166,648
	<u>\$ 21,184,877</u>	<u>\$ 22,018,078</u>

Other investments include hedge funds and a futures fund, which are sophisticated, multi-strategy investments managed by external advisors. Such investments are not readily marketable and are reported at fair value utilizing the most current information provided by the external advisor, subject to management's assessment that the information is representative of fair value and in consideration of any additional factors pertinent to the fair value measurement.

The following schedules summarized the investment return and its classification in the statement of activities for the years ended June 30, 2016 and 2015. Interest, dividends, and net gains (losses) have been distributed to Unrestricted, Temporarily Restricted, or Permanently Restricted based on each classification's pro-rata share of investments.

2016	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 51,334	\$ 216,923	\$ -	\$ 268,257
Net gain (loss)	(194,989)	(76,307)	-	(271,296)
Total investment return	<u>\$ (143,655)</u>	<u>\$ 140,616</u>	<u>\$ -</u>	<u>\$ (3,039)</u>

Investment, custodial, and advisory fees paid during the year ending June 30, 2016 totaled \$118,355.

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	\$ 30,789	\$ 293,274	\$ 258	\$ 324,321
Net gain (loss)	10,026	45,411	(64)	55,373
Total investment return	<u>\$ 40,815</u>	<u>\$ 338,685</u>	<u>\$ 194</u>	<u>\$ 379,694</u>

Investment, custodial, and advisory fees paid during the year ending June 30, 2015 totaled \$112,892.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

At June 30, 2016, investments include funds held for Professorships and Chairs of Nicholls State University in the amount of \$6,744,815 and state matching funds in the amount of \$3,663,126. Once a chair or professorship has been matched by the state program, funds are transferred to UBS Financial Services, Inc. for investment purposes.

4) FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Although the exchange price concept is not new, the new definition focuses on the exit price as opposed to the entry price that would be paid to acquire an asset or received to assume a liability. The standard also emphasizes that fair value is a market-based measurement and not an entity-specific measurement and establishes a hierarchy to prioritize the inputs that can be used in the fair value measurement process. The inputs in the three levels of this hierarchy are described as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities. An active market is one in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 Observable inputs other than Level 1 prices. This would include quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3 Unobservable inputs, to the extent that observable are unavailable. This allows for situations in which there is little or no market activity for the asset or liability at the measurement date.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. In certain instances, several valuation techniques are utilized by external managers (e.g. the market approach or the income approach) for which sufficient and reliable data is available. The use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Although direct valuation techniques and methodologies for Level 3 assets are not completed internally, Foundation management and the Foundation's investment consultant conduct ongoing monitoring and review of managers to ensure that reporting and valuation techniques are in accordance with industry standards.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

Investments measured at fair value on a recurring basis are as follows, at June 30, 2016:

	Total	Level 1	Level 2	Level 3
Equity securities:				
Corporate stock	\$ 4,469,250	\$ 4,469,250	\$ -	\$ -
Stock mutual funds	3,963,118	3,963,118	-	-
Bond mutual funds	2,213,253	2,213,253	-	-
Exchange traded funds	1,214,992	1,214,992	-	-
Hedge funds and other	1,712,172	-	-	1,712,172
Debt securities:				
Corporate bonds	4,521,335	-	4,521,335	-
Obligations of states and municipal governments	2,045,538	-	2,045,538	-
Equity linked notes	1,045,219	-	1,045,219	-
	<u>\$ 21,184,877</u>	<u>\$ 11,860,613</u>	<u>\$ 7,612,092</u>	<u>\$ 1,712,172</u>

Changes in the amounts of Level 3 investments reported in the statement of financial position are as follows for the year ended June 30, 2016:

	Hedge Funds
Balance at June 30, 2015	\$ 1,744,799
Net purchases and sales	1,391
Unrealized gain (loss)	(34,018)
Balance at June 30, 2016	<u>\$ 1,712,172</u>

5) ANTIQUE COLLECTION

Antique collection consists of antique furniture, dinnerware, paintings, and other household items donated to the foundation.

6) UNCONDITIONAL PROMISES TO GIVE

Pledged support receivable in more than one year is discounted based on U.S. Government issues. There were no unconditional promises to give at June 30, 2016 and 2015.

7) STATE MATCHING FUNDS RECEIVABLE

State matching funds receivable, comprised of the amounts due from the State of Louisiana in regard to Endowed Chair, Endowed Professorship, and Endowed Scholarship Program, totaled \$40,000 and \$160,000 as of June 30, 2016 and 2015, respectively.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

8) FUNDS HELD IN CUSTODY

Under agreements with Nicholls State University (the University), the Foundation holds and manages funds received by the University as State matching funds for the accounts of the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs. Also, under an agreement with Nicholls State University, the Foundation holds and manages the donated and state matching funds for the University. As of June 30, 2016 and 2015, the funds held in custody are as follows:

	<u>2016</u>	<u>2015</u>
State funds held in custody	\$ 3,663,126	\$ 3,795,719
University endowments held in custody	<u>6,744,815</u>	<u>7,137,405</u>
Total funds held in custody	<u>\$ 10,407,941</u>	<u>\$ 10,933,124</u>

9) NOTES PAYABLE

Notes payable consist of loans from two board members, which were made to provide the funding needed for the furnishing of certain kitchen and culinary equipment necessary to complete the four teaching kitchens at the Chef John Folse Culinary Institute. The notes bear no interest and have no maturity date or repayment schedule. No assets have been pledged as collateral and the lenders waived any rights to seek repayment from the assets of the Foundation. Nicholls State University and the Chef John Folse Culinary Institute have entered into a Memorandum of Agreement with the Foundation under which the parties pledge to continue fundraising efforts until the loans are repaid. As a result of those fundraising efforts, the Foundation made principal payments on the notes totaling \$200,000 during the year ended June 30, 2016. No principal payments were made during the year ended June 30, 2015.

10) RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of Nicholls State University. The Foundation conducts numerous program services including assistance with research, scientific endeavors, educational assistance through faculty salary supplemental compensation and student scholarships, equipment purchases for specific departments, etc. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors. As of June 30, 2016 and 2015, temporarily restricted net assets are as follows:

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

	<u>2016</u>	<u>2015</u>
Endowed Chairs and Professorships	\$ 809,837	\$ 1,344,149
Scholarships	866,559	957,437
Business Capstone Funds	470,347	470,347
Chef John Folse Culinary Institute	112,660	51,022
Other University Projects	<u>2,245,709</u>	<u>1,970,549</u>
	<u>\$ 4,505,112</u>	<u>\$ 4,793,504</u>

Permanently restricted net assets consist of endowment fund investments to be held indefinitely and unconditional promises to give. The income from endowment investments is expendable for specific program services and is recorded as temporarily restricted revenue.

As of June 30, 2016 and 2015, permanently restricted net assets are as follows:

	<u>2016</u>	<u>2015</u>
Endowed Chairs and Professorships	\$ 4,620,000	\$ 4,324,130
Scholarships	<u>2,745,931</u>	<u>2,674,904</u>
	<u>\$ 7,365,931</u>	<u>\$ 6,999,034</u>

11) ENDOWED NET ASSETS

The board of directors has interpreted state law as requiring the preservation of original corpus of the permanent endowment funds unless explicit donor stipulations specify how net appreciation must be used. The long-term objective of the Foundation's investment policy is to preserve the purchasing power of the net assets and maintain an average annual total return at or above the level of spending and fees. In addition, the investment program is expected to exceed a composite benchmark index comprised of market indices weighted in proportion to an asset allocation policy. Adequate liquidity shall be maintained to provide distributions as stipulated in the endowment agreement.

To achieve the long-term investment objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both market appreciation (realized and unrealized), and interest and dividends. The Foundation targets an appropriately diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Under the Foundation's endowment spending policy, the long-term average of spending should be no greater than the long-term real total return of the fund. Annual spending of up to 5 percent of the market value of program assets averaged on a consistent basis for the five most recent fiscal trust fund years is allowed, provided that the market value of program assets at the end of the most recent fiscal fund year exceeds the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal fund year for which a spending allocation is to be made. When the current market value of program assets is below the original corpus of the endowment, no spending is allowed.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.

Notes to Financial Statements, continued

The composition and changes in donor restricted endowments funds for the years ended June 30, 2016 and 2015 were as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance at June 30, 2014	\$ 2,373,200	\$ 6,489,629	\$ 8,862,829
Investment return:			
Investment income	333,013	258	333,271
Net appreciation (depreciation)	(51,564)	(64)	(51,628)
Contributions	328,027	338,479	666,506
Transferred to permanently restricted	(170,732)	170,732	-
Released from restrictions	(630,831)	-	(630,831)
Balance at June 30, 2015	2,181,113	6,999,034	9,180,147
Investment income	409,276	-	409,276
Net appreciation (depreciation)	(266,854)	-	(266,854)
Contributions	752,829	292,527	1,045,356
Transferred to permanently restricted	(74,370)	74,370	-
Released from restrictions	(965,311)	-	(965,311)
Balance at June 30, 2016	<u>\$ 2,036,683</u>	<u>\$ 7,365,931</u>	<u>\$ 9,402,614</u>

12) SUPPORT SERVICES

A summary of supporting services on a functional basis for the years ended June 30, 2016 and 2015 follows:

	2016	2015
Institutional support and development	\$ 190,675	\$ 760,795
Management and general	192,667	160,518
Fundraising	80,180	22,440
Total support services	<u>\$ 463,522</u>	<u>\$ 943,753</u>

13) SUBSEQUENT EVENTS

Management evaluates events subsequent to the date of the financial statements in determining the accounting disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 13, 2017 the date the financial statements were available for issuance.

SUPPLEMENTARY INFORMATION SECTION

Schedule 1

Nicholls State University Foundation, Inc.
Schedules of Program Services
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Endowed chairs, professorships and 1st Generation Scholarships	\$ 192,418	\$ 168,093
Colonel's Brigade	1,235,550	899,988
Scholarships	319,938	241,546
Chef John Folse Culinary Institute	72,888	315,030
Other Program Services	<u>513,101</u>	<u>2,215,981</u>
Total program services	<u>\$ 2,333,895</u>	<u>\$ 3,840,638</u>

Schedule 2

Nicholls State University Foundation, Inc.
Schedules of Support Services
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Institutional support and development:		
Athletic	\$ 28,987	\$ 4,045
Institutional development	<u>161,688</u>	<u>756,750</u>
	190,675	760,795
Management and general:		
Foundation office	1,523	910
Foundation meeting	6,820	5,627
Professional services	69,756	60,975
Other	<u>114,568</u>	<u>93,006</u>
	192,667	160,518
Fundraising	<u>80,180</u>	<u>22,440</u>
Total support services	<u><u>\$ 463,522</u></u>	<u><u>\$ 943,753</u></u>

Nicholls State University Foundation, Inc.
Schedules of Funds Held in Custody
Years ended June 30, 2016 and 2015

	2016	2015
State funds held in custody:		
Agnes H. Candies Professorship	\$ 46,606	\$ 49,336
American Association of Drilling Engineers Professorship	47,097	49,929
Bell South Culinary Professorship	47,672	50,419
Bell South/Brady, Miller, Theriot Callais Professorship	46,757	49,492
Bell South/Picou Professorship	46,163	48,886
Bell South/Picou Professorship #2	46,854	49,587
Bonnie Bourg Professorship	47,756	50,752
Capital One Professorship	45,405	48,118
Cenac Towing Chair	504,336	511,477
CETFE Geomatic/Surveying Professorship	48,175	50,827
Clarence J. Riviere Professorship	48,873	52,212
Durel Matrin Professorship	45,790	48,511
Harvey Peltier, Sr. Professorship	48,960	52,309
Maxine Giardina Professorship	46,964	49,835
Morris and Sandy Hebert Professorship	48,706	51,931
Jimmy and Glenny Lee Buquet Professorship	44,444	47,143
McIlhenny Professorship	45,332	48,044
Minor J. Cheramie Professorship	47,217	50,174
Orleans A. Pitre Professorship	47,295	50,281
Otto Candies Chair	545,611	589,871
T. Baker Smith Professorship	47,631	50,394
T. Shepard Endowed Professorship	48,150	51,251
1st Generation Scholarship	50,791	53,165
J Maselli Professorship	45,547	48,267
B Raziano Professorship	45,387	48,104
R E Miller Professorship	46,555	49,285
Goldring Foundation Professorship	47,624	50,631
Gueydan Professorship	48,428	51,625
Henry & Kim Lafont 1st Generation Scholarship	49,270	51,624
Harold Callais Professorship	239,388	254,231
Paul Callais Professorship	118,622	125,900
Peter Callais Professorship	118,643	126,640
Nolen Professorship	44,702	47,427
George Picou Professorship	48,587	50,931
Swanner 1st Generation Scholarship	50,806	53,181
Danos 1st Generation Scholarship	45,639	47,114
B & J Bollinger Scholarship	47,428	48,721
Danos Family Nursing Scholarship	40,236	42,876
R & C Cheramie Scholarship	46,632	48,121
Jack Cenac Scholarship	43,922	46,614
Jock Cenac Scholarship	44,645	46,831
Stephen & Rebecca Hulbert Scholarship	39,828	40,913
Gloria Callais Professorship	40,792	40,000
Michael & Christine Bourgeois 1st Generation Scholarship #2	42,482	40,000
R & J Bartels 1st Generation Scholarship	40,341	40,913
Harold Callais 1st Generation Scholarship	39,823	40,913
Burguieres 1st Generation Scholarship	40,341	40,913
J & T Sanford 1st Generation Scholarship	42,482	40,000
John Brady Jr. Professorship	40,797	40,000

Nicholls State University Foundation, Inc.
Schedules of Funds Held in Custody
Years ended June 30, 2016 and 2015

	2016	2015
Alfred Delahaye Professorship	40,000	40,000
Mitch Hebert 1st Generation Scholarship	40,797	40,000
Michael & Christine Bourgeois 1st Generation Scholarship #2	40,797	-
Total State funds held in custody	3,663,126	3,795,719
University funds held in custody:		
Argent Bank Endowed Professorship in Business Administration	\$ 133,206	\$ 124,089
Belle & Leonard Toups Chair in English	1,147,984	1,292,547
Betsy Ayo Endowed Professorship in Accounting & Business Law	128,753	116,713
Boysie Bollinger Super Endowed Professorship in Business	582,082	640,660
Andie Bollinger Endowed Professorship in Business	298,491	328,530
Charlotte Bollinger Endowed Professorship in Business	287,991	316,972
Contractor's Educational Trust Fund Endowed Professorship in Manufacturing Technology	268,406	238,423
Etergy Endowed Professorship in Computer Science	141,428	122,056
Etergy Endowed Professorship in Information Systems	127,330	113,525
Gerald Gaston Endowed Professorship in the College of Business Administration	126,595	111,243
Jerry Ledet Foundation Endowed Professorship in Environmental Biology	114,459	120,552
Lorio Foundation Endowed Professorship in Fine Arts	102,885	107,054
Lorio Foundation Endowed Professorship in Language and Literature	103,063	106,887
Lorio Foundation Endowed Professorship in Nursing	111,940	109,724
Lorio Foundation Endowed Professorship in Physical Science	103,203	106,443
Peltier Foundation Endowed Professorship in College of Business Administration	113,286	120,407
Terrebonne General Medical Center Founding Physicians Endowed Professorship in Nursing and Allied Health	308,168	344,740
Terrebonne General Medical Center Devoted Volunteers Endowed Professorship in Nursing and Allied Health	298,091	333,467
Terrebonne General Medical Center Compassionate Staff Endowed Professorship in Nursing and Allied Health	297,050	332,302
Terrebonne General Medical Center Faithful Sisters Endowed Professorship in Nursing and Allied Health	296,922	332,159
Thibodaux Hospital and Health Center Endowed Professorship in Nursing	141,463	125,490
John Brady, Sr. and Pat Brady Endowed Professorship in Computer Science	625,090	665,489
John Brady, Sr. and John Brady Jr. Endowed Professorship in Biological Sciences	634,286	675,279
John C. Daigle Endowed Professorship in Free Enterprise	121,773	127,368
Donald Peltier Endowed Professorship	130,870	125,286
Total University funds held in custody	6,744,815	7,137,405
Total funds held in custody	\$ 10,407,941	\$ 10,933,124

NSU FACILITIES CORPORATION
THIBODAUX, LOUISIANA

SCHEDULE OF REPRESENTATIONS

June 30, 2016

with

INDEPENDENT ACCOUNTANTS' REPORT
THEREON

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report.....	1
Schedule of Representations.....	2

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— CERTIFIED PUBLIC ACCOUNTANTS —
A PROFESSIONAL CORPORATION

THOMAS J. LANAUX, CPA
MARK S. FELGER, CPA

INDEPENDENT ACCOUNTANT'S REPORT

The Board of Directors
NSU Facilities Corporation
Thibodaux, Louisiana

We have examined the accompanying Schedule of Representations of NSU Facilities Corporation for the year ended June 30, 2016. NSU Facilities Corporation's management is responsible for the Schedule of Representations. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Representations and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedule referred to above presents, in all material respects, the representations of NSU Facilities Corporation based on criteria established by the Board of Supervisors of the University of Louisiana System.

The report is intended solely for the information and use of NSU Facilities Corporation and the Board of Supervisors of the University of Louisiana System and is not intended to be and should not be used by anyone other than those specified parties.

Houma, Louisiana
September 19, 2016



**NSU Facilities Corporation & Nicholls State University
Schedule of Representations
Year Ended June 30, 2016**

REPRESENTATION # 1

Board of Directors:

- a) Officers and members of the corporation's Board of Directors, with a brief biography of each and the expiration of their term is as follows:

Board Member	Term	Term Expires	Office Held
Mr. Jerry Ledet	5 years	July 8, 2020	Secretary - Treasurer
Mr. Joseph Kolwe	5 years	July 8, 2020	Vice Chairperson
Mr. Eugene G. Gouaux, Jr.	5 years	July 8, 2016	Chairperson
Mr. Eugene Dial, Jr.	5 years	July 8, 2017	Board Member
Mr. Alex Arceneaux	5 years	September 23, 2016	Board Member

Mr. Jerry Ledet – President and Chief Executive Officer of Synergy Bancshares, Inc. Mr. Ledet lives in Thibodaux and is a graduate of Nicholls State University and the Graduate School of Banking of the South. He has and currently serves on several civic organization and professional boards.

Mr. Joseph Kolwe – A Certified Public Accountant licensed to practice public accounting in the State of Louisiana. His office is located in Thibodaux and he has practiced public accounting since 1983. Mr. Kolwe is a 1973 Accounting graduate of Nicholls State University.

Mr. Eugene G. Gouaux, Jr. – An attorney who has been in private practice for over thirty (30) years and whose law office is located in Lockport, LA. He lives in Thibodaux and is a graduate of Nicholls State University and Southern University Law School. Mr. Gouaux previously served eight (8) years on the Lafourche Parish School Board.

Mr. Eugene Dial, Jr. – Vice President for Student Affairs and Enrollment Services at Nicholls State University. Mr. Dial is a graduate of the University of Louisiana at Lafayette and holds a Doctorate of Philosophy in Higher Education from Florida State University.

Mr. Alex Arceneaux – Chief of Staff at Nicholls State University. Mr. Arceneaux received his Bachelor of General Studies and Master of Education from the University of New Orleans and is currently a doctoral candidate anticipating completion of his program of study in the spring of 2018. Mr. Arceneaux has been in higher education for ten years holding various positions, including registrar, at the University of New Orleans and Saint Martin's University in Olympia, Washington, before joining the staff of Nicholls State University in 2014. He was elected to the board on June 29, 2016 on an interim basis to fill an empty seat on the board.

- b) A schedule of board meetings held during the year ended June 30, 2016, is as follows:

November 3, 2015
January 27, 2016
June 14, 2016
June 29, 2016

REPRESENTATION # 2

Corporate and/or Statutory Responsibilities

- a) No changes were made to the Articles of Incorporation or the Bylaws during the current fiscal year.
- b) The federal income tax return, Form 990, for the year ended June 30, 2016 will be filed by its due date by Lanaux & Felger, CPAs, APC as part of their engagement agreement.
- c) The NSU Facilities Corporation has filed the appropriate registration with the Louisiana Secretary of State during the 2015-16 fiscal year and is currently in good standing.
- d) The Corporation deposited and/or held the following public funds during the year under audit:
The only funds held by the Corporation directly relating to the University are on deposit with the Trustee for payment of Series 2006A, Series 2006B, Series 2007A, Series 2007B, Series 2010 Bonds, Series 2016A Bonds, and Series 2016B bonds.

REPRESENTATION # 3

Contracts

- a) All lease, lease-back, financing (bond covenants, trustee agreements, etc.), and/or any other agreements that NSU Facilities Corporation has with the Board of Supervisors for the University of Louisiana System on behalf of Nicholls State University are as follows:
 - 1. Ground and Facilities Lease Agreement dated May 1, 2006
 - a. First Amendment to Ground and Facilities Lease Agreement dated December 1, 2006.
 - b. Second Amendment to Ground and Facilities Lease Agreement dated August 1, 2007.
 - 2. Agreement to Lease with Option to Purchase dated May 1, 2006.
 - a. First Amendment to Lease with Option to Purchase dated August 1, 2007.
 - 3. Ground and Buildings Lease Agreement dated August 1, 2007.
 - a. First Amendment to Ground and Buildings Lease Agreement dated February 25, 2008.
 - 4. Agreement to Lease with Option to Purchase dated August 1, 2007.
 - a. First Amendment to Agreement to Lease with Option of Purchase dated February 25, 2008.
 - 5. Ground and Facilities Lease Agreement dated April 1, 2009.
 - a. First Amendment to Ground and Facilities Lease Agreement dated December 1, 2010.
 - 6. Agreement to Lease with Option to Purchase dated April 1, 2009.
 - a. First Amendment to Agreement to Lease with Option to Purchase dated December 1, 2010.
 - 7. Ground and Facilities Lease Agreement dated February 1, 2016.
 - 8. Agreement to Lease with Option to Purchase dated February 1, 2016.
- b) All debt service payments on Series 2006A, Series 2006B, Series 2007A, Series 2007B, Series 2010, Series 2016A, and Series 2016B Bonds have been made timely to the Trustee.
- c) There were no payments due the University.
- d) All payments for debt service have been deposited in a timely manner and in the appropriate reserve accounts when collected.

REPRESENTATION # 4

Relationship to University

- a) **Series 2006A, Series 2006B, Series 2007A, Series 2007B Bonds, Series 2010, Series 2016A, and Series 2016B Bonds** The ground lease, facilities lease (bond covenants, trustee agreements, etc.), and agreements with the Board of Supervisors for the University of Louisiana System and Nicholls State University are disclosed in the notes to the financial statements.

There are no contracts between the Corporation and any member of its Board of Directors, any member of the University of Louisiana System Board of Supervisors, any University of Louisiana System employee, or any university employee.

- b) There have been no payments for supplemental compensation and/or benefits for a University of Louisiana System or University employee paid during the fiscal year being audited.

REPRESENTATION # 5

Repair and Replacement Reserve Accounts

- a) Funding:
 - a. Series 2006A – Funded by a single payment from the University. No annual payments are required. Funds are held by Nicholls State University. The Series 2006A bonds were extinguished using the proceeds of the Series 2016A bonds. At June 30, 2016, this reserve account is being held in connection with the Series 2016A bonds.
 - b. Series 2006B – Funded annually by the University. Funds are held by NSU Facilities Corporation. The Series 2006B bonds were extinguished using the proceeds of the Series 2016B bonds. At June 30, 2016, this reserve account is being held in connection with the Series 2016B bonds.
 - c. Series 2007 - Funded annually by the University. Funds are held by NSU Facilities Corporation.
 - d. Series 2010 - Funded annually by University, beginning one year from project completion. First deposit was made July 2015. Funds are held by NSU Facilities Corporation.
 - e. Series 2016A – Consists of amounts previously held in connection with the Series 2006A bonds. No annual payments required. Funds are held by Nicholls State University.
 - f. Series 2016B – Funded annually by the University. Unexpended funds previously held in connection with the Series 2006B bonds were transferred to the Series 2016B reserve account. Funds are held by NSU Facilities Corporation.

- b) All required contributions to the Reserve accounts have been made as scheduled.

- c) Balances as of June 30, 2016:

Funded and held by University:	
Series 2006A (2016A)	- \$284,000
Funded by NSU Facilities Corporation and held by Trustee:	
Series 2007	- \$882,005
Series 2010	- \$221,244
Series 2006B (2016B)	- \$698,908