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**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Consolidated Financial Statements and Schedules

December 31, 2019

With Independent Auditors' Report Thereon

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# UNIVERSITY OF NEW ORLEANS FOUNDATION

December 31, 2019

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
University of New Orleans Foundation

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the University of New Orleans Foundation, (a nonprofit organization) (the Foundation) and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University of New Orleans Foundation as of December 31, 2019 and 2018, and the consolidated 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.

### *Emphasis of Matter*

As discussed in Note 12 to the financial statements, the Foundation may be impacted by disruptions in the economy and business operations associated with the coronavirus (COVID-19) pandemic. The Foundation expects this matter to negatively impact its changes in net assets and cash flows. Our opinion is not modified with respect to this matter.

### *Other Matters*

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 22 through 25 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations. The supplementary information included in Schedules 1 through 3 on pages 27 through 29 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2020, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads 'Postlethwaite &amp; Netterville'.

Metairie, Louisiana  
June 29, 2020

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Consolidated Statements of Financial Position

As of December 31, 2019 and 2018

Assets

	<u>2019</u>	<u>2018</u>
<b>Current assets:</b>		
Cash and cash equivalents (Note 11)	\$ 1,821,601	\$ 2,117,507
Investments (Note 3 and 9)	11,120,972	9,647,984
Accounts receivable	45,330	85,700
Contributions receivable	133,515	159,412
Unconditional promises to give, net (Note 4)	1,342,381	695,898
Deferred charges and prepaid expenses	43,490	44,658
Total current assets	<u>14,507,289</u>	<u>12,751,159</u>
<b>Noncurrent assets:</b>		
Cash and cash equivalents - endowments (Note 10)	3,160,511	2,478,892
Investments - endowments (Note 3, 7, 9, and 10)	75,643,715	64,670,741
Unconditional promises to give, net (Note 4)	870,083	538,602
Investments - other (Note 3 and 9)	83,501	82,918
Real estate, net (Note 5)	7,562,143	7,959,641
Other noncurrent assets	191,780	176,810
Total noncurrent assets	<u>87,511,733</u>	<u>75,907,604</u>
Total assets	<u>\$ 102,019,022</u>	<u>\$ 88,658,763</u>

Liabilities and Net Assets

<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 224,418	\$ 155,954
Amounts held in custody for others (Note 8)	372,480	427,315
Other current liabilities - due to University (Note 8)	624,238	610,297
Total current liabilities	<u>1,221,136</u>	<u>1,193,566</u>
<b>Noncurrent liabilities:</b>		
Amounts invested for others (Note 7 and 10)	<u>22,793,661</u>	<u>19,942,602</u>
Total noncurrent liabilities	<u>22,793,661</u>	<u>19,942,602</u>
Total liabilities	<u>24,014,797</u>	<u>21,136,168</u>
<b>Net assets:</b>		
Without donor restrictions	11,537,092	10,617,281
With donor restrictions (Note 6 and 10)	66,467,133	56,905,314
Total net assets	<u>78,004,225</u>	<u>67,522,595</u>
Total liabilities and net assets	<u>\$ 102,019,022</u>	<u>\$ 88,658,763</u>

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

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Consolidated Statements of Activities and Changes in Net Assets

For the years ended ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 427,532	\$ 7,193,767	\$ 7,621,299	\$ 381,285	\$ 4,575,177	\$ 4,956,462
Investment income (loss), net	1,754,158	8,629,768	10,383,926	(302,965)	(3,810,687)	(4,113,652)
Service fees, special events, and program revenue	1,178,328	341,966	1,520,294	1,013,710	392,273	1,405,983
Rental income	1,621,459	-	1,621,459	1,656,714	-	1,656,714
Other income	4,148	-	4,148	30,681	-	30,681
Total support and revenue before net assets released from restrictions	4,985,625	16,165,501	21,151,126	2,779,425	1,156,763	3,936,188
Net assets released from restrictions:						
Net assets released from restrictions	6,603,682	(6,603,682)	-	5,548,737	(5,548,737)	-
Total net assets released	6,603,682	(6,603,682)	-	5,548,737	(5,548,737)	-
Total revenue and support	11,589,307	9,561,819	21,151,126	8,328,162	(4,391,974)	3,936,188
Expenses:						
Program support	8,357,817	-	8,357,817	7,680,100	-	7,680,100
Management and general	829,500	-	829,500	864,657	-	864,657
Fundraising	1,482,179	-	1,482,179	1,086,692	-	1,086,692
Total expenses	10,669,496	-	10,669,496	9,631,449	-	9,631,449
Change in net assets	919,811	9,561,819	10,481,630	(1,303,287)	(4,391,974)	(5,695,261)
Net assets at beginning of year	10,617,281	56,905,314	67,522,595	11,920,568	61,297,288	73,217,856
Net assets at end of year	\$ 11,537,092	\$ 66,467,133	\$ 78,004,225	\$ 10,617,281	\$ 56,905,314	\$ 67,522,595

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

**University of New Orleans Foundation**  
Consolidated Statements of Functional Expenses  
For the years ended ended December 31, 2019 and 2018

	2019			
	Program Support	Management & General	Fundraising	Total
Donations to University/affiliates	\$ 4,302,131	\$ -	\$ -	\$ 4,302,131
Fees for services	1,925,882	798,007	1,233,203	3,957,092
Advertising and promotion	24,214	-	75	24,289
Office expenses	502,900	24,397	99,441	626,738
Information technology	18,484	5,255	68,470	92,209
Occupancy	215,476	-	-	215,476
Travel	314,810	587	31,733	347,130
Conferences, conventions, and meetings	366,906	1,165	39,969	408,040
Depreciation	397,498	-	-	397,498
Insurance	5,566	-	-	5,566
Cultivations/donations	47,369	89	9,288	56,746
Property operation/maintenance services	225,122	-	-	225,122
Property operation/maintenance supplies	11,459	-	-	11,459
	<u>\$ 8,357,817</u>	<u>\$ 829,500</u>	<u>\$ 1,482,179</u>	<u>\$ 10,669,496</u>
	2018			
	Program Support	Management & General	Fundraising	Total
Donations to University/affiliates	\$ 3,395,223	\$ -	\$ -	\$ 3,395,223
Fees for services	1,812,718	829,956	915,128	3,557,802
Advertising and promotion	62,183	73	9,566	71,822
Office expenses	374,927	29,245	71,313	475,485
Information technology	10,117	-	49,513	59,630
Occupancy	209,854	-	-	209,854
Travel	259,988	3,089	11,403	274,480
Conferences, conventions, and meetings	370,636	1,261	29,221	401,118
Depreciation	397,763	-	-	397,763
Insurance	6,481	-	-	6,481
Settlement Agreement	350,000	-	-	350,000
Cultivations/donations	48,586	1,033	548	50,167
Property operation/maintenance services	260,199	-	-	260,199
Property operation/maintenance supplies	16,425	-	-	16,425
Bad debt expense	105,000	-	-	105,000
	<u>\$ 7,680,100</u>	<u>\$ 864,657</u>	<u>\$ 1,086,692</u>	<u>\$ 9,631,449</u>

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



**UNIVERSITY OF NEW ORLEANS FOUNDATION**  
Consolidated Statements of Cash Flows  
For the years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 10,481,630	\$ (5,695,261)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	397,498	397,763
Realized gain on investments, net	(1,051,134)	(1,877,380)
Unrealized (gain)/loss on investments, net	(7,922,181)	7,251,902
Restricted long-term contributions pledged	(4,197,669)	(1,212,684)
Change in receivables allowance and discount	222,274	189,423
Changes in assets and liabilities:		
Accounts and contributions receivable	(156,007)	(94,299)
Other assets	(13,803)	(5,713)
Accounts payable, accrued liabilities, and other liabilities	27,570	(332,111)
	<u>(2,211,822)</u>	<u>(1,378,360)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Proceeds from sales of real estate, property, and equipment	-	-
Sales/(purchases) of investments, net	(3,473,229)	2,674,880
Change in amounts invested for others - noncurrent, net	2,851,059	(2,173,159)
	<u>(622,170)</u>	<u>501,721</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Collections of contributions restricted for long-term purposes	3,219,705	919,289
Net cash provided by financing activities	<u>3,219,705</u>	<u>919,289</u>
Change in cash and cash equivalents	385,713	42,650
Cash and cash equivalents at beginning of year	<u>4,596,399</u>	<u>4,553,749</u>
Cash and cash equivalents at end of year	<u>\$ 4,982,112</u>	<u>\$ 4,596,399</u>
Composition of cash and cash equivalents:		
Current cash and cash equivalents	\$ 1,821,601	\$ 2,117,507
Non-current cash and cash equivalents - endowments	<u>3,160,511</u>	<u>2,478,892</u>
	<u>\$ 4,982,112</u>	<u>\$ 4,596,399</u>

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

# UNIVERSITY OF NEW ORLEANS FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### (1) Summary of Significant Accounting Policies

#### (a) *History and Organization*

The University of New Orleans Foundation (the Foundation), a registered nonprofit corporation in Louisiana, was established in 1984 with a mission of serving the University of New Orleans (the University) by raising private sector funds for the advancement of the University. During the year ended December 31, 2013, the Foundation created three wholly owned subsidiaries, University of New Orleans Foundation Real Estate Company, L.L.C. (UNOFREC), University of New Orleans Foundation Working Interest, L.L.C. (UNOFWI), and University of New Orleans Foundation Royalty Company, L.L.C. (UNOFRC), (collectively, the Foundation), which are disregarded entities for income tax purposes. The purpose of the subsidiaries is to receive and hold funds and property for the advancement of the University.

#### (b) *Basis of Presentation*

The consolidated financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (US GAAP). The consolidated financial statements include the financial statements of the Foundation and its three wholly-owned controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are described below.

The financial statements of the Foundation have been prepared in accordance with US GAAP, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors. The revenues received and expenses incurred in conducting the mission of the Foundation are included in this category.
- 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities and Changes in Net Assets.

In determining the classification of certain assets as current or non-current, management has considered whether the ultimate use of the asset is related to current operations. Consequently, in accordance with US GAAP, a portion of cash and cash equivalents and unconditional promises to give which are intended for uses other than current operations have been presented as non-current assets, despite their expected collection within twelve months.

# UNIVERSITY OF NEW ORLEANS FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### (1) Summary of Significant Accounting Policies (continued)

#### (c) *Cash and Cash Equivalents*

For the purposes of the Consolidated Statements of Cash Flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### (d) *Unconditional Promises to Give*

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at their realizable value, using present value techniques 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.

#### (e) *Investments*

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Consolidated Statements of Financial Position. Net investment income/(loss) is reported in the Consolidated Statements of Activities and Changes in Net Assets and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

In accordance with Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820), the Foundation does not categorize, within the fair value hierarchy, any investments for which fair value is measured using the net asset value per share practical expedient.

#### (f) *Art Collections*

In accordance with ASC 958-360-25-3, the Foundation has chosen to not capitalize collections and works of art. Due to the Foundation's policy on not capitalizing art collections, the Foundation has not recorded an amount for the art in the consolidated financial statements.

#### (g) *Real Estate*

Real estate is recorded at cost or fair market value on the date acquired. Depreciation of real estate (excluding land) is calculated on the straight-line basis ranging from 5 years to 20 years for improvements and equipment, and ranging from 20 years to 40 years for buildings.

#### (h) *Property and Equipment*

Assets acquired are stated at cost, net of accumulated depreciation. Assets donated are carried at fair market value on the date of donation, net of accumulated depreciation. Depreciation of property, furnishings, and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis ranging from 3 years to 7 years for vehicles and equipment. As of December 31, 2019 and 2018, property and equipment consisted of furniture and equipment that was fully depreciated and had a net value of \$0. Depreciation expense for each of the years ended December 31, 2019 and 2018 was \$0.

# UNIVERSITY OF NEW ORLEANS FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### (1) Summary of Significant Accounting Policies (continued)

#### *(h) Property and Equipment (continued)*

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

#### *(i) Impairment of Long-Lived Assets*

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. A long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset.

Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

#### *(j) Amounts Invested for Others and Amounts Held for Others*

Amounts invested for others are not owned by the Foundation (see Note 7). The Foundation considers unexpended income from these funds as amounts invested for others. In addition, the Foundation administers the financial assets and maintains the financial records of other entities affiliated with the University, which are amounts held for others and not owned by the Foundation (see Note 8).

#### *(k) Revenue Recognition*

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest is received.

Service fee revenue primarily relates to fees earned by the Foundation for managing the endowments. Service fee revenue is calculated on a quarterly basis as a percentage of the endowment balances and recognized when earned.

Rental income from operating leases is recognized over the terms of the related leases. Recoveries from tenants for operating expenses are recognized as revenues in the period the corresponding costs are incurred.

#### *(l) Fundraising Expenses*

All expenses associated with fundraising activities are expensed as incurred, including any expenses related to fundraising appeals in a subsequent year.

# UNIVERSITY OF NEW ORLEANS FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### (1) Summary of Significant Accounting Policies (continued)

#### *(m) Functional Allocation of Expenses*

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. The majority of expenses have been specifically identified with a program or supporting service. Certain costs have been allocated among the programs and supporting services benefitted using appropriate methodologies such as time and effort or square footage. The Statements of Functional Expense present a reconciliation of expense by natural classification to expenses by function.

#### *(n) Income Taxes*

The Foundation is exempt from income tax under Internal Revenue Code Section 501(c)(3), though it is subject to tax on income unrelated to its purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

#### *(o) Use of Estimates*

The preparation of consolidated financial statements in conformity with US GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, the valuation of fixed assets, and investments.

#### *(p) Accounting Changes*

Effective January 1, 2019, the Foundation adopted the Financial Accounting Standard Board's (FASB) Accounting Standards Update (ASU 2014-09 *Revenue from Contracts with Customers*, (Topic 606) and all subsequent ASU's that modified Topic 606. There are no significant judgements relating to the amount and timing of revenue recognition for revenue streams within the scope of Topic 606. Due to the nature of the services provided, the Foundation does not incur costs to obtain contracts and there are no material incremental costs to fulfill these contracts that should be capitalized. Additionally, there are no material contract assets or receivables as the Foundation does not typically enter into long-term revenue contracts with its customers.

The implementation of the new standard did not have a material impact on the measurement or recognition of revenue for any of the identified in-scope revenue streams and a cumulative effect adjustment to opening equity was not necessary. Results for reporting periods after January 1, 2019 are presented under Topic 606 using the modified retrospective transition method.

# UNIVERSITY OF NEW ORLEANS FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### (1) Summary of Significant Accounting Policies (continued)

#### *(p) Accounting Changes (continued)*

The Foundation has also adopted ASU No. 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

As of January 1, 2018 the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This adoption of ASU 2016-14 had no impact on the Foundation's total net assets.

The Foundation adopted ASU No. 2016-18, Statement of Cash Flows (Topic 230), *Restricted Cash*, effective for the year ended December 31, 2018. The ASU requires presentation of the total change in cash, cash equivalents, restricted cash, and restricted cash equivalents for the period in the statement of cash flows.

#### *(q) Recent Accounting Pronouncements*

In February 2016, 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. This ASU is effective for fiscal years beginning after December 15, 2021. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

### (2) Liquidity and Availability

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

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. In addition, the Foundation receives support without donor restrictions. Such support is augmented by investment income without donor restrictions, appropriated earnings from gifts with donor restrictions, and management fees to support the annual program funding needs.

# UNIVERSITY OF NEW ORLEANS FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### (2) Liquidity and Availability (continued)

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

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that long term commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The table below presents financial assets available for general expenditures within one year at December 31:

	2019	2018
Total assets	\$ 102,019,022	\$ 88,658,763
Less: non-current and non-financial assets		
Deferred charges and prepaid expenses	43,490	44,658
Noncurrent unconditional promises to give	870,083	538,602
Investments-other	83,501	82,918
Real estate	7,562,143	7,959,641
Other noncurrent assets	191,780	176,810
Total financial assets at year end	93,268,025	79,856,134
Less: financial asset designations and restrictions		
Amounts invested for others	22,793,661	19,942,602
Amounts held in custody for others	372,480	427,315
Board designated endowments	327,645	279,035
Assets with donor restrictions	66,467,133	56,905,314
Financial assets available for general expenditures over the next 12 months	\$ 3,307,106	\$ 2,301,868
Financial assets available for general expenditures over the next 12 months	\$ 3,307,106	\$ 2,301,868
Less: accounts payable and other current liabilities at year end	848,656	766,251
Net financial assets available for general expenditures over the next 12 months	\$ 2,458,450	\$ 1,535,617

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

**(3) Investments**

The composition of investments at December 31, was as follows:

	2019	2018
Fixed income bonds	\$ 10	\$ 15
Domestic equity securities	5,654,215	4,194,578
International equity securities	124,499	94,481
Mutual funds	75,438,728	65,389,648
Private equity	1,092,237	450,541
Hedge fund of funds	4,454,998	4,189,462
	<u>86,764,687</u>	<u>74,318,725</u>
Investments - other	83,501	82,918
Total investments	<u>\$ 86,848,188</u>	<u>\$ 74,401,643</u>

**(4) Unconditional Promises to Give**

As of December 31, unconditional promises to give were expected to be realized in the following periods:

	2019	2018
In one year or less- current	\$ 1,702,801	\$ 942,232
Between one year and five years	1,116,877	694,708
In five years or more	45,000	27,500
Less: Present value discount (5%)	(138,250)	(88,558)
Less: Allowances for uncollectible pledges	(513,964)	(341,382)
Promises to give, net	<u>\$ 2,212,464</u>	<u>\$ 1,234,500</u>

Unconditional promises to give have the following restrictions:

	2019	2018
Without donor restriction	\$ 1,706	\$ 2,886
With donor restriction	2,210,758	1,231,614
	<u>\$ 2,212,464</u>	<u>\$ 1,234,500</u>



**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

**(5) Real Estate**

In July 2001, the Foundation purchased from a private company a 108,000 square foot building in support of the University of New Orleans film program and designated the building as the Robert & Jeri Nims Center for Entertainment Arts and Multi-Media Technology (the "Nims Center") in honor of its primary benefactor.

During fiscal year 2016, the Foundation purchased an alternative property for the UNO President's official residence for \$692,597. The residence is being leased to the University for \$1 per year for 20 years. The building and improvements are being depreciated over 40 years. The residence is being leased to the University for \$1 per year for 30 years. The purchase of the property was internally financed through a Board approved loan from the Foundation's general endowment funds to the unrestricted fund, which bears interest at a fixed rate of 4% and is being paid in monthly installments of principal and interest totaling \$2,946 over a thirty year period. Fifty percent of the annual cost of the principal and interest of approximately \$35,000 is received from University of New Orleans Research and Technology Foundation, Inc. (R&T), an affiliated entity

Real estate consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Official Residence:		
Land	\$ 217,194	\$ 217,194
Building and improvements	475,403	475,403
Nims Center Complex:		
Land	721,500	721,500
Building and improvements	9,722,786	9,722,786
Lee Circle Properties:		
Taylor Library land	100,000	100,000
	<u>11,236,883</u>	<u>11,236,883</u>
Less: accumulated depreciation	<u>(3,674,740)</u>	<u>(3,277,242)</u>
Total	<u>\$ 7,562,143</u>	<u>\$ 7,959,641</u>

**(6) Net Assets**

Net assets with donor restrictions are restricted to the following at December 31:

	<u>2019</u>	<u>2018</u>
Building fund	\$ 1,130,610	\$ 1,101,079
Scholarships and awards	10,833,194	7,649,939
Chairs and professorships	32,602,961	28,786,303
Faculty support	1,883,689	1,759,772
Research	2,581,297	2,201,170
Educational studies program	4,461,245	4,055,929
Departmental development	12,974,137	11,351,122
Total net assets with donor restrictions	<u>\$ 66,467,133</u>	<u>\$ 56,905,314</u>

# UNIVERSITY OF NEW ORLEANS FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### **(7) The Louisiana Endowment Trust Fund for Endowed Chairs and Professorships**

One of the Foundation's primary objectives is to raise and manage funds to provide endowed professorships and chairs to the University. The Louisiana Endowment Trust Fund for Endowed Chairs and Professorships was created by the Louisiana legislature in 1983 to provide state funds to eligible public and private institutions which would be responsible for providing matching funds obtained from gifts.

Endowed professorships are established at \$100,000 and endowed chairs at \$1,000,000. For endowments submitted for matching prior to July 1, 2017, the Board of Regents will provide 40% of the funding once the Foundation has acquired 60% of the principal through private gifts. Endowed professorships submitted for matching after July 1, 2017, will be matched at \$20,000 for every \$80,000 of private funding acquired while endowed chairs remain unchanged.

The University is allowed to apply for the match while maintaining the private gift in the Foundation. Funds are pooled for investment purposes in the Foundation, but the Board of Regents' match is recognized as a liability to the University under the caption "Amounts invested for others." The amount invested for others in noncurrent liabilities at December 31, 2019 and 2018, that was attributable to the Endowed Chairs and Professorships, was \$22,793,661 and \$19,942,602, respectively.

### **(8) Related Party/Affiliate Transactions**

The Foundation administers the financial assets and maintains the financial records of the UNO International Alumni Association, the Privateer Athletic Foundation, and one other entity affiliated with the University. Amounts held in custody for others included in current liabilities amounted to \$372,480 and \$427,315 at December 31, 2019 and 2018, respectively. These amounts represent funds collected by the Foundation on behalf of these affiliates in excess of expenditures made on behalf of these affiliates.

#### **Privateer Athletic Foundation**

During the year ended December 31, 2018, the Privateer Athletic Foundation (PAF) merged with the Foundation. All assets and liabilities belonging to PAF were acquired by the Foundation, with the excess of assets over liabilities recorded as a contribution of \$188,111 which is included in contributions with donor restriction on the Consolidated Statements of Activities and Changes in Net Assets.

#### **University of New Orleans**

In the normal course of business, the Foundation reimburses the University for certain expenses as well as provides certain services and support to the University. Support paid to the University included in expenses in 2019 and 2018 were \$4,302,131 and \$3,395,223, respectively. Additionally, the Foundation reimbursed the University for salaries of employees shared with the Foundation in 2019 and 2018 of \$1,129,006 and \$1,044,485, respectively. At December 31, 2019 and 2018, funds due to the University totaled \$624,238 and \$610,297, respectively.

#### **R&T Foundation**

The R&T Foundation provides administrative support to the Foundation for an annual contracted amount of \$478,333 and \$525,000 for each of the years ended December 31, 2019 and 2018, respectively. The Foundation also recorded a subsidy for expenses from R&T Foundation of \$31,136 and \$33,183 which were passed through to the University in 2019 and 2018, respectively. At December 31, 2019 and 2018, funds due from R&T totaled \$162 and \$16,406, respectively.

# UNIVERSITY OF NEW ORLEANS FOUNDATION

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### (9) Fair Value Measurements

The Financial Accounting Standard Board (“FASB”) authoritative guidance for fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The asset’s 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. The three levels of the fair value hierarchy under the guidance are described below:

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 markets;
- 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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

*Domestic and international equity securities and fixed income bonds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Hedge funds:* Valued at the net asset value (“NAV”) of shares held at year end.

*Private equity funds:* Valued at the net asset value (“NAV”) of shares held at year end.

Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

**(9) Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2019. There have been no changes in the methodologies used at December 31, 2019.

	Level 1	Level 2	Level 3	Total
Fixed income bonds	\$ -	\$ 10	\$ -	\$ 10
Domestic equity securities	5,654,215	-	-	5,654,215
International equity securities	124,499	-	-	124,499
Mutual funds	75,438,728	-	-	75,438,728
Other investments	-	-	83,501	83,501
Subtotal	<u>81,217,442</u>	<u>10</u>	<u>83,501</u>	<u>81,300,953</u>
Hedge fund of funds at NAV	-	-	-	4,454,998
Private equity funds at NAV	-	-	-	1,092,237
Total investments at fair value	<u>\$ 81,217,442</u>	<u>\$ 10</u>	<u>\$ 83,501</u>	<u>\$ 86,848,188</u>

As of December 31, 2019, there were no assets measured at fair value on a nonrecurring basis.

The Foundation's investment in the hedge fund of funds at December 31, 2019, represents 0.58% ownership of all ownership interests in the fund. The hedge fund invests in directional, relative value, and event-driven hedge fund managed accounts. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

The Foundation's investment in private equity funds at December 31, 2019, represents a weighted average of 1.149% of all ownership interests in the fund. The private equity funds invest in venture capital, buyout, and other private equity oriented portfolio funds. Private equity investments are generally in funds with no specific redemption period. Investment proceeds, if any, from private equity investments are distributed to investors throughout the life of the private market investment fund, as stipulated in the funds' offering documents. The fair value of the investments in this class has been estimated using the net asset value of the investments.

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

**(9) Fair Value Measurements (continued)**

The following table summarizes investments measured at fair value based on net asset value (NAV) per share as of December 31, 2019.

Instrument	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund of funds	\$ 4,454,998	Not applicable	Quarterly	60 days
Private equity	\$ 1,092,237	\$ 2,044,875	None	Not applicable

The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2018. There have been no changes in the methodologies used at December 31, 2018.

	Level 1	Level 2	Level 3	Total
Fixed income bonds	\$ -	\$ 15	\$ -	\$ 15
Domestic equity securities	4,194,578	-	-	4,194,578
International equity securities	94,481	-	-	94,481
Mutual funds	65,389,648	-	-	65,389,648
Other investments	-	-	82,918	82,918
Subtotal	69,678,707	15	82,918	69,761,640
Hedge fund of funds at NAV	-	-	-	4,189,462
Private Equity Funds at NAV	-	-	-	450,541
Total investments at fair value	\$ 69,678,707	\$ 15	\$ 82,918	\$ 74,401,643

As of December 31, 2018, there were no assets measured at fair value on a nonrecurring basis.

The Foundation's investment in the hedge fund of funds at December 31, 2018, represents .49% ownership of all ownership interests in the fund. The hedge fund invests in directional, relative value, and event-driven hedge fund managed accounts. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

The Foundation's investment in private equity funds at December 31, 2018, represents 1.084% ownership of all ownership interests in the fund. The private equity funds invest in venture capital, buyout, and other private equity oriented portfolio funds. Private equity investments are generally in funds with no specific redemption period. Investment proceeds, if any, from private equity investments are distributed to investors throughout the life of the private market investment fund, as stipulated in the funds' offering documents. The fair value of the investments in this class has been estimated using the net asset value of the investments.

The following table summarizes investments measured at fair value based on net asset value (NAVs) per share as of December 31, 2018.

Instrument	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund of funds	\$ 4,189,462	Not applicable	Quarterly	60 days
Private equity	\$ 450,541	\$ 1,030,125	None	Not applicable

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

**(10) Endowment Net Assets**

The Foundation's Board of Directors (the Board) is of the belief that they have a strong fiduciary duty to manage the assets of the Foundation's endowments in the most prudent manner possible. The Board recognizes its responsibility to fulfill the donor's intent with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. If the intent is not expressed, the Board ensures the assets of the endowment are spent in a prudent manner which considers the purpose of the fund, current economic conditions and preservation of the fund.

In accordance with the Foundation's policy, the Foundation generally allocates annually 4% of the latest 12 quarter fair market value average for all endowments as of December 31 of each calendar year, subject to certain limitations. The Board of Regents matched endowments do not receive spending allocations until the Board of Regents matches the private donation. The Foundation generally does not allocate funds from underwater endowments.

The goals and objectives of the Foundation's investment policy are to 1) provide investment earnings adequate to fulfill the desires of donors as stated in the gift instruments, 2) achieve a total return adequate to fund the spending rate plus corpus growth to ensure future benefits to later generations, and 3) invest in a variety of diversified categories so that the diversity of the performance characteristics will reduce the volatility of returns from year to year.

The strategies employed to achieve these objectives for the Board of Regents matching endowment is to follow the Board of Regents guidelines on investing the funds. The general endowments follow a strategy of guidelines of asset benchmarks and setting investment guidelines for allowed and prohibited investments and transactions.

The amount invested for others in noncurrent liabilities at December 31, 2019 of \$22,793,661 is not included in the table below. The composition of the Foundation's endowments by net asset class at December 31, 2019 is:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 279,035	\$ 47,626,197	\$ 47,905,232
Investment income, net	53,145	8,758,026	8,811,171
Contributions	-	2,822,827	2,822,827
Appropriated for expenditure:			
Program expenses	-	(1,603,523)	(1,603,523)
Management expenses	<u>(4,535)</u>	<u>(759,237)</u>	<u>(763,772)</u>
Endowment net assets, end of year	<u>\$ 327,645</u>	<u>\$ 56,844,290</u>	<u>\$ 57,171,935</u>

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

**(10) Endowment Net Assets (continued)**

The amount invested for others in noncurrent liabilities at December 31, 2018 of \$19,942,602 is not included in the table below. The composition of the Foundation's endowments by net asset class as of December 31, 2018 is:

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	\$ 311,679	\$ 52,564,050	\$ 52,875,729
Investment loss, net	(25,236)	(3,681,271)	(3,706,507)
Contributions	-	1,079,492	1,079,492
Program expenses	(3,058)	(1,616,874)	(1,619,932)
Management expenses	(4,350)	(719,200)	(723,550)
Endowment net assets, end of year	<u>\$ 279,035</u>	<u>\$ 47,626,197</u>	<u>\$ 47,905,232</u>

**(11) Concentrations of Risk and Contingencies**

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Investments are made by diversified investment managers whose performance is monitored by management and the investment committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Foundation. The Foundation believes concentration risk in the portfolio as it relates to credit, geography, and industry is mitigated by the investment policies of the Foundation and the diversified approach taken by the investment managers.

The Foundation is involved in certain claims and legal actions arising in the normal course of activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position.

**(12) Subsequent Events**

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 29, 2020, and determined the following subsequent event requires disclosure. On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-10) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, donors, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Consolidating Statements

December 31, 2019

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UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Financial Position

As of December 31, 2019

	<u>UNOF</u>	<u>UNOFREC</u>	<u>UNOFWI</u>	<u>UNOFRC</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 1,821,601	\$ 22,375	\$ 22,554	\$ 30,821	\$ (75,750)	\$ 1,821,601
Investments	11,120,972	-	-	-	-	11,120,972
Accounts receivable	45,330	-	381	(381)	-	45,330
Contributions receivable	133,515	-	-	-	-	133,515
Unconditional promises to give, net	1,342,381	-	-	-	-	1,342,381
Deferred charges and prepaid expenses	43,490	-	-	-	-	43,490
Total current assets	<u>14,507,289</u>	<u>22,375</u>	<u>22,935</u>	<u>30,440</u>	<u>(75,750)</u>	<u>14,507,289</u>
Noncurrent assets:						
Cash and cash equivalents - endowments	3,160,511	-	-	-	-	3,160,511
Investments - endowments	75,643,715	-	-	-	-	75,643,715
Unconditional promises to give, net	870,083	-	-	-	-	870,083
Investments - other	-	-	-	-	83,501	83,501
Real estate, net	7,562,143	-	-	-	-	7,562,143
Property and equipment, net	-	-	61,058	-	(61,058)	-
Other noncurrent assets	191,780	-	-	35,107	(35,107)	191,780
Total noncurrent assets	<u>87,428,232</u>	<u>-</u>	<u>61,058</u>	<u>35,107</u>	<u>(12,664)</u>	<u>87,511,733</u>
Total assets	<u>\$ 101,935,521</u>	<u>\$ 22,375</u>	<u>\$ 83,993</u>	<u>\$ 65,547</u>	<u>\$ (88,414)</u>	<u>\$ 102,019,022</u>
<b>LIABILITIES AND NET ASSETS</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 224,418	\$ -	\$ 919	\$ 87,495	\$ (88,414)	\$ 224,418
Amounts held in custody for others	372,480	-	-	-	-	372,480
Other current liabilities - due to University	624,238	-	-	-	-	624,238
Total current liabilities	<u>1,221,136</u>	<u>-</u>	<u>919</u>	<u>87,495</u>	<u>(88,414)</u>	<u>1,221,136</u>
Noncurrent liabilities:						
Amounts invested for others	22,793,661	-	-	-	-	22,793,661
Total noncurrent liabilities	<u>22,793,661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,793,661</u>
Total liabilities	<u>24,014,797</u>	<u>-</u>	<u>919</u>	<u>87,495</u>	<u>(88,414)</u>	<u>24,014,797</u>
Net assets:						
Without donor restrictions	11,453,591	22,375	83,074	(21,948)	-	11,537,092
With donor restrictions	66,467,133	-	-	-	-	66,467,133
Total net assets	<u>77,920,724</u>	<u>22,375</u>	<u>83,074</u>	<u>(21,948)</u>	<u>-</u>	<u>78,004,225</u>
Total liabilities and net assets	<u>\$ 101,935,521</u>	<u>\$ 22,375</u>	<u>\$ 83,993</u>	<u>\$ 65,547</u>	<u>\$ (88,414)</u>	<u>\$ 102,019,022</u>

See accompanying independent auditors' report.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Financial Position

As of December 31, 2018

	<u>UNOF</u>	<u>UNOFREC</u>	<u>UNOFWI</u>	<u>UNOFRC</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 2,117,507	\$ 67,375	\$ 46,474	\$ 46,254	\$ (160,103)	\$ 2,117,507
Investments	9,647,984	-	-	-	-	9,647,984
Accounts receivable	85,700	-	381	(381)	-	85,700
Contributions receivable	159,412	-	-	-	-	159,412
Unconditional promises to give, net	695,898	-	-	-	-	695,898
Deferred charges and prepaid expenses	44,658	-	-	-	-	44,658
Total current assets	<u>12,751,159</u>	<u>67,375</u>	<u>46,855</u>	<u>45,873</u>	<u>(160,103)</u>	<u>12,751,159</u>
Noncurrent assets:						
Cash and cash equivalents-endowments	2,478,892	-	-	-	-	2,478,892
Investments - endowments	64,670,741	-	-	-	-	64,670,741
Unconditional promises to give, net	538,602	-	-	-	-	538,602
Investments - other	-	-	-	-	82,918	82,918
Real estate, net	7,959,641	161,650	-	-	(161,650)	7,959,641
Property and equipment, net	-	-	61,058	-	(61,058)	-
Other noncurrent assets	176,810	-	-	35,107	(35,107)	176,810
Total noncurrent assets	<u>75,824,686</u>	<u>161,650</u>	<u>61,058</u>	<u>35,107</u>	<u>(174,897)</u>	<u>75,907,604</u>
Total assets	<u>\$ 88,575,845</u>	<u>\$ 229,025</u>	<u>\$ 107,913</u>	<u>\$ 80,980</u>	<u>\$ (335,000)</u>	<u>\$ 88,658,763</u>
<b>LIABILITIES AND NET ASSETS</b>						
Current liabilities:						
Accounts payable and accrued liabilities	\$ 155,954	\$ -	\$ 794	\$ 334,206	\$ (335,000)	\$ 155,954
Amounts held in custody for others	427,315	-	-	-	-	427,315
Other current liabilities - due to University	610,297	-	-	-	-	610,297
Total current liabilities	<u>1,193,566</u>	<u>-</u>	<u>794</u>	<u>334,206</u>	<u>(335,000)</u>	<u>1,193,566</u>
Noncurrent liabilities:						
Amounts invested for others	19,942,602	-	-	-	-	19,942,602
Total noncurrent liabilities	<u>19,942,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,942,602</u>
Total liabilities	<u>21,136,168</u>	<u>-</u>	<u>794</u>	<u>334,206</u>	<u>(335,000)</u>	<u>21,136,168</u>
Net assets:						
Without donor restrictions	10,534,363	229,025	107,119	(253,226)	-	10,617,281
With donor restrictions	56,905,314	-	-	-	-	56,905,314
Total net assets	<u>67,439,677</u>	<u>229,025</u>	<u>107,119</u>	<u>(253,226)</u>	<u>-</u>	<u>67,522,595</u>
Total liabilities and net assets	<u>\$ 88,575,845</u>	<u>\$ 229,025</u>	<u>\$ 107,913</u>	<u>\$ 80,980</u>	<u>\$ (335,000)</u>	<u>\$ 88,658,763</u>

See accompanying independent auditors' report.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Activities and Changes in Net Assets

For the year ended December 31, 2019

	UNOF	UNOFREC	UNOFWI	UNOFRC	Eliminating Entries	Consolidated Total
<b>Changes in net assets without donor restrictions:</b>						
Support and revenue without donor restrictions						
Contributions	\$ 427,532	\$ -	\$ -	\$ -	\$ -	\$ 427,532
Investment income (loss), net	1,450,214	-	-	-	303,944	1,754,158
Service fees, special events, and program revenue	1,178,328	-	-	-	-	1,178,328
Rental income	1,621,459	-	-	246,710	(246,710)	1,621,459
Gain/Loss on Sale of Assets	-	31,047	-	-	(31,047)	-
Other income	4,148	-	25,055	19,295	(44,350)	4,148
Total support and revenue without donor restrictions before net assets released from restrictions	4,681,681	31,047	25,055	266,005	(18,163)	4,985,625
Net assets released from restrictions						
Net assets released from restrictions	6,603,682	-	-	-	-	6,603,682
Total support and revenue without donor restrictions	11,285,363	31,047	25,055	266,005	(18,163)	11,589,307
Expenses						
Program support	8,357,817	35	16,328	1,800	(18,163)	8,357,817
Management and general	829,500	-	-	-	-	829,500
Fundraising	1,482,179	-	-	-	-	1,482,179
Total expenses	10,669,496	35	16,328	1,800	(18,163)	10,669,496
Change in net assets without donor restrictions	615,867	31,012	8,727	264,205	-	919,811
<b>Changes in net assets with donor restrictions:</b>						
Support and revenue with donor restrictions						
Contributions	7,193,767	-	-	-	-	7,193,767
Investment income (loss), net	8,629,768	-	-	-	-	8,629,768
Service fees, special events, and program revenue	341,966	-	-	-	-	341,966
Total support and revenue with donor restrictions before net assets released from restrictions	16,165,501	-	-	-	-	16,165,501
Net assets released from restrictions						
Net assets released from restrictions	(6,603,682)	-	-	-	-	(6,603,682)
Change in net assets with donor restrictions	9,561,819	-	-	-	-	9,561,819
Change in net assets	10,177,686	31,012	8,727	264,205	-	10,481,630
Owner contributions/(withdrawals)	303,361	(237,662)	(32,772)	(32,927)	-	-
Net assets, at beginning of year	67,439,677	229,025	107,119	(253,226)	-	67,522,595
Net assets, at end of year	\$ 77,920,724	\$ 22,375	\$ 83,074	\$ (21,948)	\$ -	\$ 78,004,225

See accompanying independent auditors' report.

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Consolidating Statement of Activities and Changes in Net Assets

For the year ended December 31, 2018

	<u>UNOF</u>	<u>UNOFREC</u>	<u>UNOFWI</u>	<u>UNOFRC</u>	<u>Eliminating Entries</u>	<u>Consolidated Total</u>
<b>Changes in net assets without donor restrictions:</b>						
Support and revenue without donor restrictions						
Contributions	\$ 381,285	\$ -	\$ -	\$ -	\$ -	\$ 381,285
Investment income (loss), net	(554,445)	-	-	-	251,480	(302,965)
Service fees, special events, and program revenue	1,013,710	-	-	-	-	1,013,710
Rental income	1,656,714	-	-	246,710	(246,710)	1,656,714
Other income	30,681	-	28,332	18,697	(47,029)	30,681
Total revenue and support without donor restrictions before net assets released from restrictions	<u>2,527,945</u>	<u>-</u>	<u>28,332</u>	<u>265,407</u>	<u>(42,259)</u>	<u>2,779,425</u>
Net assets released from restrictions						
Net assets released from restrictions	5,548,737	-	-	-	-	5,548,737
Total revenue and support without donor restrictions	<u>8,076,682</u>	<u>-</u>	<u>28,332</u>	<u>265,407</u>	<u>(42,259)</u>	<u>8,328,162</u>
Expenses						
Program support	7,680,100	24,980	15,446	1,833	(42,259)	7,680,100
Management and general	864,657	-	-	-	-	864,657
Fundraising	1,086,692	-	-	-	-	1,086,692
Total expenses	<u>9,631,449</u>	<u>24,980</u>	<u>15,446</u>	<u>1,833</u>	<u>(42,259)</u>	<u>9,631,449</u>
Change in net assets without donor restrictions	<u>\$ (1,554,767)</u>	<u>\$ (24,980)</u>	<u>\$ 12,886</u>	<u>\$ 263,574</u>	<u>\$ -</u>	<u>\$ (1,303,287)</u>
<b>Changes in net assets with donor restrictions:</b>						
Support and revenue with donor restrictions						
Contributions	\$ 4,575,177	\$ -	\$ -	\$ -	\$ -	\$ 4,575,177
Investment income (loss), net	(3,810,687)	-	-	-	-	(3,810,687)
Service fees, special events, and program revenue	392,273	-	-	-	-	392,273
Total support and revenue with donor restrictions before net assets released from restrictions	<u>1,156,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,156,763</u>
Net assets released from restrictions						
Net assets released from restrictions	(5,548,737)	-	-	-	-	(5,548,737)
Change in net assets with donor restrictions	<u>(4,391,974)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,391,974)</u>
Change in net assets	(5,946,741)	(24,980)	12,886	263,574	-	(5,695,261)
Owner contributions/(withdrawals)	563,271	(563,295)	(67)	91	-	-
Net assets, at beginning of year	72,823,147	817,300	94,300	(516,891)	-	73,217,856
Net assets, at end of year	<u>\$ 67,439,677</u>	<u>\$ 229,025</u>	<u>\$ 107,119</u>	<u>\$ (253,226)</u>	<u>\$ -</u>	<u>\$ (5,695,261)</u>

See accompanying independent auditors' report.

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Supplemental Schedules

December 31, 2019

Supplemental Schedule 1 – Privateer Athletic Foundation – Schedule of Revenue, Support, and Expenses	27
Supplemental Schedule 2 – International Alumni Association – Schedule of Revenue, Support, and Expenses	28
Supplemental Schedule 3 – National Collegiate Athletic Association – Revenue, Support, Expenses, and Capitalized Expenditures Made to or on Behalf of the University’s Intercollegiate Athletics Program	29

**UNIVERSITY OF NEW ORLEANS FOUNDATION**  
 Supplemental Schedule 1 - Privateer Athletic Foundation

Schedule of Revenue, Support, and Expenses

For the years ended December 31, 2019 and 2018

	2019	2018
Revenue and support		
Contributions and bequests	\$ -	\$ 16,733
Program revenues	-	9,555
Total revenue and support	-	26,288
Expenses		
Program support	-	199,174
General and administrative	-	16,957
Transfer to Foundation through merger	-	188,111
Total expenses	-	404,242
Excess of expenses over revenues	\$ -	\$ (377,954)

During the year ended December 31, 2018, the Privateer Athletic Foundation (PAF) merged with the Foundation.

See accompanying independent auditors' report.

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Supplemental Schedule 2 - International Alumni Association

Schedule of Revenue, Support, and Expenses

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and support		
Contributions and bequests	\$ 215,091	\$ 253,188
Program revenues	176,798	210,321
Investment income	5,022	3,576
Total revenue and support	<u>396,911</u>	<u>467,085</u>
Expenses		
Program support	337,501	396,126
General and administrative	20,070	22,280
Total expenses	<u>357,571</u>	<u>418,406</u>
Excess of revenues over expenses	<u>\$ 39,340</u>	<u>\$ 48,679</u>

See accompanying independent auditors' report.

**UNIVERSITY OF NEW ORLEANS FOUNDATION**

Supplemental Schedule 3 - National Collegiate Athletic Association

Schedule of Revenue, Support, Expenses, and Capitalized Expenditures  
Made to or on Behalf of the University's Intercollegiate Athletics Program

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Revenue and support		
Contributions, net of management fee	\$ 204,292	\$ 333,245
Endowment spending allocation	1,444	3,027
Program revenue	<u>81,759</u>	<u>84,017</u>
Total revenue and support	<u>287,495</u>	<u>420,289</u>
Expenses		
Program support	<u>272,448</u>	<u>73,326</u>
Total expenses	<u>272,448</u>	<u>73,326</u>
Excess of revenues over expenses	<u>\$ 15,047</u>	<u>\$ 346,963</u>

See accompanying independent auditors' report.



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

To the Board of Directors  
University of New Orleans Foundation  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the University of New Orleans Foundation (a nonprofit organization) (the Foundation) and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Postlethwaite & Netterville*

June 29, 2020

Metairie, Louisiana