

THE LSU IN SHREVEPORT FOUNDATION, INC.

SHREVEPORT, LOUISIANA

JUNE 30, 2017 AND 2016

THE LSU IN SHREVEPORT FOUNDATION, INC.

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Cash Flows	5
Notes to Financial Statements	6-14

AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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November 9, 2017

Board of Directors
The LSU in Shreveport Foundation, Inc.
Shreveport, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of The LSU in Shreveport Foundation, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, 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 LSU in Shreveport Foundation, Inc. as of June 30, 2017 and 2016, 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.

Shreveport, Louisiana

Heard, McElroy & Vestal, LLC

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THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	44,036	90,853
Cash-restricted	617,554	-
Investments-pooled-Note 3	24,500,498	21,748,774
Contributions receivable	6,912	6,259
Other receivable	8,150	-
Deferred charges	-	<u>1,200</u>
Total assets	<u>25,177,150</u>	<u>21,847,086</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	83,549	18,114
Due to LSU in Shreveport-Note 4	<u>7,257,993</u>	<u>6,603,128</u>
Total liabilities	7,341,542	6,621,242
 <u>Net assets:</u>		
Unrestricted		
Board designated endowment-Note 7	168,648	154,266
Undesignated	<u>513,708</u>	<u>529,798</u>
Total unrestricted net assets	682,356	684,064
Temporarily restricted-Notes 5 and 7	6,718,632	4,455,839
Permanently restricted-Notes 6 and 7	<u>10,434,620</u>	<u>10,085,941</u>
Total net assets	<u>17,835,608</u>	<u>15,225,844</u>
Total liabilities and net assets	<u>25,177,150</u>	<u>21,847,086</u>

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

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Support and revenue:</u>				
Memberships and contributions	74,458	-	-	74,458
Restricted contributions:				
Instruction	-	170,419	-	170,419
Research	-	-	-	-
Public service	-	4,900	-	4,900
Academic support	-	866,891	300,000	1,166,891
Student services	-	17,800	-	17,800
Institutional support	-	1,665	-	1,665
Scholarships and fellowships	-	70,119	48,679	118,798
Athletics	-	65,729	-	65,729
Endowment management fees	233,075	-	-	233,075
Investment income	20,907	424,874	-	445,781
Net realized and unrealized gains on investments	23,247	1,365,921	-	1,389,168
Total support and revenue	351,687	2,988,318	348,679	3,688,684
<u>Net assets released from restrictions</u>	739,357	(739,357)	-	-
<u>Transfers between classifications</u>	(13,832)	13,832	-	-
<u>Expenses:</u>				
Faculty and staff support programs	2,874	-	-	2,874
University support programs	66,912	-	-	66,912
Program administration	266,725	-	-	266,725
Direct program expenses:				
Instruction	423,925	-	-	423,925
Research	6,112	-	-	6,112
Public service	3,439	-	-	3,439
Academic support	55,659	-	-	55,659
Student services	9,518	-	-	9,518
Institutional support	3,641	-	-	3,641
Operation and maintenance of plant	3,927	-	-	3,927
Scholarships and fellowships	174,068	-	-	174,068
Athletics	62,120	-	-	62,120
Total expenses	1,078,920	-	-	1,078,920
<u>Change in net assets</u>	(1,708)	2,262,793	348,679	2,609,764
<u>Net assets at beginning of year</u>	684,064	4,455,839	10,085,941	15,225,844
<u>Net assets at end of year</u>	682,356	6,718,632	10,434,620	17,835,608

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

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<u>Support and revenue:</u>				
Memberships and contributions	75,696	-	-	75,696
Restricted contributions:				
Instruction	-	99,689	71,000	170,689
Research	-	15,000	-	15,000
Public service	-	63,380	-	63,380
Academic support	-	4,615	-	4,615
Student services	-	12,000	-	12,000
Institutional Support	-	4,308	-	4,308
Scholarships and Fellowships	-	36,135	71,661	107,796
Athletics	-	211,755	-	211,755
Endowment management fees	224,364	-	-	224,364
Investment income	15,507	466,902	-	482,409
Net realized and unrealized (losses) on investments	(7,895)	(650,528)	-	(658,423)
Total support and revenue	307,672	263,256	142,661	713,589
<u>Net assets released from restrictions</u>	879,305	(879,305)	-	-
<u>Transfers between classifications</u>	(16,755)	1,010	15,745	-
<u>Expenses:</u>				
Faculty and staff support programs	2,477	-	-	2,477
University support programs	91,353	-	-	91,353
Program administration	250,389	-	-	250,389
Direct program expenses:				
Instruction	533,468	-	-	533,468
Research	6,993	-	-	6,993
Public Service	72,082	-	-	72,082
Academic Support	37,491	-	-	37,491
Student Services	17,363	-	-	17,363
Institutional Support	3,966	-	-	3,966
Operation and Maintenance of Plant	4,530	-	-	4,530
Scholarships and Fellowships	166,879	-	-	166,879
Athletics	35,421	-	-	35,421
Total expenses	1,222,412	-	-	1,222,412
<u>Change in net assets</u>	(52,190)	(615,039)	158,406	(508,823)
<u>Net assets at beginning of year</u>	736,254	5,070,878	9,927,535	15,734,667
<u>Net assets at end of year</u>	684,064	4,455,839	10,085,941	15,225,844

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

THE LSU IN SHREVEPORT FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	2,609,764	(508,823)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized		
(gains) losses of investments	(1,389,168)	658,423
(Increase) decrease in contributions receivable	(653)	41,984
(Increase) in other receivable	(8,150)	-
Decrease in deferred charges	1,200	2,973
Increase (decrease) in accounts payable	65,435	(88,859)
(Decrease) increase in due to LSU in Shreveport	(47,581)	111,255
(Decrease) in other liabilities	-	(1,000)
Total adjustments	<u>(1,378,917)</u>	<u>724,776</u>
Net cash provided by operating activities	1,230,847	215,953
<u>Cash flows from investing activities:</u>		
Purchases of investments	(14,279,452)	(7,904,617)
Sales and maturities of investments	<u>13,619,342</u>	<u>7,656,483</u>
Net cash (used) by investing activities	<u>(660,110)</u>	<u>(248,134)</u>
<u>Net increase (decrease) in cash and cash equivalents</u>	570,737	(32,181)
<u>Cash and cash equivalents-beginning of year</u>	<u>90,853</u>	<u>123,034</u>
<u>Cash and cash equivalents-end of year</u>	<u><u>661,590</u></u>	<u><u>90,853</u></u>

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

THE LSU IN SHREVEPORT FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

1. Nature of Business

The LSU in Shreveport Foundation, Inc. (“Foundation”) is a private, nonprofit corporation governed by a board of directors. The organization’s goal is to promote the education and cultural welfare of Louisiana State University in Shreveport (“University”). The organization’s activities include management of gifts, grants and endowments for the purpose of providing scholarships, research activities and any other such benefit for the University and its faculty and students as may be prescribed by donors to the corporation.

LSUS Realty, LLC was formed on December 15, 2000. The purpose of LSUS Realty, LLC is to accept real property donated to the Foundation. The Foundation is the sole member of LSUS Realty, LLC and, therefore, the activity of LSUS Realty, LLC has been consolidated with that of the Foundation. All of the assets and net assets of LSUS Realty, LLC were moved to the unrestricted net assets of the Foundation during the year ended June 30, 2002. There was no activity recorded by LSUS Realty, LLC during the years ended June 30, 2017 and 2016.

2. Summary of Significant Accounting Policies

- a. The financial statements of the Foundation are prepared on the accrual basis, under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Some unrestricted net assets may be designated by the Board for specific purposes.

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

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

The statement of activities presents expenses of the Foundation’s operations functionally between faculty and staff support programs, University support programs, program administration and direct program expenses.

- b. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions.
- c. Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Donor-restricted contributions are reported as increases 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.

2. Summary of Significant Accounting Policies (Continued)

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of temporarily restricted net assets, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

- d. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- e. For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.
- f. The LSU in Shreveport Foundation, Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements, but the Foundation is required to file an annual information tax return. The Foundation is also required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it is a tax exempt entity. The Foundation must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect its positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records.

The Foundation files U. S. federal Form 990 for informational purposes. The Foundation's federal income tax returns for the tax years 2013 and beyond remain subject to examination by the Internal Revenue Service.

- g. Investments are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange, and investments that do not have an established market are reported at estimated fair value. Cash deposits are recorded at carrying amount which reasonably estimates fair value. Fixed income securities are generally valued by reference to outside pricing services, generally using a matrix system incorporating security quality, maturity, and coupon as the valuation model parameters, research, and a review of broker-dealer market price quotations. Short-term investments are valued at amortized cost which approximates market value.

The asset allocation of the Foundation's investment portfolio involves exposure to a diverse set of markets. The investments within these markets involve various risks, such as interest rate, market, credit, and liquidity risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate substantially as a result of these risks.

- h. Material in-kind donations received by the Foundation are recorded at fair value as contributions revenue along with a corresponding charge to expense. Material in-kind donations were \$-0- for the years ended June 30, 2017 and 2016, respectively.
- i. Certain amounts in the fiscal year ended June 30, 2016 financial statements have been reclassified to conform to the fiscal year ended June 30, 2017 presentation.

3. Investments

As of June 30, 2017 and 2016, the investments of all funds consisted of investments held by Argent and investments held by Bank of New York, which are recorded at market value, as detailed below:

	<u>2017</u>		<u>2016</u>	
	<u>Market</u> <u>Value</u>	<u>Cost</u>	<u>Market</u> <u>Value</u>	<u>Cost</u>
<u>Investments-pooled:</u>				
Argent:				
Cash and cash equivalents	2,885,006	2,885,006	3,242,766	3,242,766
Fixed income-U.S. government obligations	585,292	560,554	626,401	586,779
Fixed income-state government obligations	275,109	274,824	380,910	375,561
Fixed income-corporate bonds	1,874,223	1,870,799	1,547,033	1,495,712
Bond funds	4,442,192	4,451,494	3,430,753	3,545,391
Equity funds	11,277,169	8,117,971	9,830,815	6,788,294
Equity funds-international	3,158,116	2,751,923	2,686,159	2,834,229
Equities held by Bank of New York	<u>3,391</u>	<u>3,606</u>	<u>3,937</u>	<u>3,814</u>
	<u>24,500,498</u>	<u>20,916,177</u>	<u>21,748,774</u>	<u>18,872,546</u>

Net realized and unrealized gains during the year ended June 30, 2017, were \$2,091,614, which included \$1,389,168 as a gain to the Foundation and \$702,446 shown as an increase in funds due to LSU in Shreveport. Net realized and unrealized losses during the year ended June 30, 2016, were \$991,478, which included \$658,423 as a loss to the Foundation and \$333,055 shown as a decrease in funds due to LSU in Shreveport.

Investments held by Argent as of June 30, 2017 and 2016 included \$1,600,000 and \$1,750,000, respectively, of certificates of deposit in denominations of \$250,000 which were federally insured by the FDIC. The remaining investments held by Argent and Bank of New York totaling \$22,900,498 and \$19,998,774 at June 30, 2017 and 2016, respectively, were uninsured and were not collateralized. Deposits in checking and certificates of deposit at Regions Bank are federally insured by the FDIC up to \$250,000. As of June 30, 2017 and 2016, Regions Bank has pledged securities as collateral for the balance exceeding \$250,000.

4. Due to LSU in Shreveport

The amount due to LSU in Shreveport represents the State of Louisiana matched funds which are being held and invested for the University by the LSU in Shreveport Foundation for the following endowed chairs, professorships, and scholarships as of June 30, 2017 and 2016:

4. Due to LSU in Shreveport (Continued)

	<u>2017</u>	<u>2016</u>
<u>Instruction:</u>		
Jerry D. Boughton Professorship in Business	54,819	50,524
Joe and Abby Averett Professorship in Business	56,235	51,668
BellSouth Professorship in Business	59,617	54,502
Alta and John Franks MBA Program Professorship	48,936	44,773
M. R. Ballard Professorship in Accounting	68,482	60,830
Armand and Lynn Roos Professorship in Business and Health Administration	48,532	43,667
James C. and Ann W. Gardner Professorship in Civic Engagement and Leadership	59,805	53,039
Kilpatrick Life Insurance Professorship	802,347	739,934
Oscar Cloyd Real Estate Professorship	265,876	245,570
Wesson-Bridger Professorship in Teacher Education	64,455	57,142
Capital One Education and Human Development Professorship	49,880	46,089
V. Stewart Education Student Teaching Professorship	59,616	52,875
Dalton J. Woods Professorship in Teaching	55,652	51,155
Kelly Kemp Graves Professorship in Early Childhood Education	53,914	48,211
Reimer and Marcia Calhoun Professorship in Education	53,701	49,100
Goodloe Stuck Professorship in Psychology	49,537	45,839
Elmer N. Simon, Jr. Professorship for Excellence in Teaching	55,963	49,607
Blue Cross & Blue Shield of Louisiana Professorship	51,809	47,011
Vincent J. Marsala Alumni Professorship	61,866	55,920
Bruce and Steve Simon Professorship	56,405	49,912
James K. Elrod Professorship in Health Care Administration	510,598	468,539
Fred and Sybil Patten Excellence in Teaching in Liberal Arts Professorship	64,811	57,457
India Studies Professorship	102,050	98,281
Dr. Dalton & Peggy Cloud Professorship in Communications	55,336	50,127
LSUS Debate Professorship	55,142	48,992
Leonard and Mary Ann Selber Professorship	61,230	54,814
Dr. Norman A. Dolch Professorship in American Humanics	125,643	111,376
American Studies Chair	697,862	630,646
Hubert H. Humphreys History Professorship	54,131	49,278
O. Delton Harrison, Jr. Master of Liberal Arts Professorship	51,410	47,525
George and Regina Khoury Professorship in Science	138,383	123,128
Abe I. Sadoff Chair	492,892	451,853
Samuel and Mary Abramson Professorship	56,883	50,371
Dr. Richard K. Speairs Professorship in Field Biology	66,009	60,748
Harman and Renae Chandler Professorship for Masters in Biological Science	48,203	44,013
Don and Earlene Coleman Red River Watershed Management Institute Professorship	62,369	55,388
George Khoury Professorship in Space Science	121,687	107,811
Max and Jasmine Morelock Professorship in Chemistry	45,523	40,572
Lisa A. Burke Bioinformatics Professorship	50,414	44,577
AEP SWEPCO LaPrep Professorship	544,961	492,819

4. Due to LSU in Shreveport (Continued)

	<u>2017</u>	<u>2016</u>
<u>Instruction:</u>		
Miriam Sklar Super Professorship in Theoretical Math and Physics	57,752	52,483
Wheless Geology Professorship	45,631	40,000
Woolf Petroleum Engineering Professorship	45,631	40,000
Archives and Oral History	17,662	16,760
<u>Academic Support:</u>		
Bobbie C. Hicks Professorship-Authors in April	112,094	102,981
Hubert and Pat Hervey Professorship of Museum of Life Sciences	57,190	52,704
Life Science Museum Professorship & Curatorship	45,631	40,572
William B. Wiener Professorship of Archives and Historical Preservation	48,378	44,602
Ruth H. Noel Chair	934,246	851,223
<u>Scholarships and Fellowships:</u>		
John and Cheryl Good Scholarship	47,449	43,574
Dalton J. and Sugar Woods Scholarship	61,140	55,700
Phillip and Alma Rozeman Scholarship	53,702	49,325
Salvadore and Kendra Miletello Scholarship	53,700	49,105
Alta and John Franks First Generation Scholarship	54,059	49,430
Harman and Renae Chandler First Generation Scholarship	58,520	53,363
Michael Woods Family First Generation Scholarship	45,434	40,717
Helen and Frank Katzenstien Scholarship	21,365	20,267
George P. Bonner Scholarship	<u>15,425</u>	<u>14,639</u>
	<u>7,257,993</u>	<u>6,603,128</u>

5. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Instruction	3,137,209	2,336,182
Research	44,852	50,962
Public Service	30,326	13,121
Academic Support	1,163,975	221,342
Student Services	9,954	1,672
Institutional Support	38,681	36,199
Operation and Maintenance of Plant	32,311	20,839
Scholarships and Fellowships	2,017,205	1,535,007
Athletics	<u>244,119</u>	<u>240,515</u>
Total temporarily restricted net assets	<u>6,718,632</u>	<u>4,455,839</u>

6. **Permanently Restricted Net Assets**

Permanently restricted net assets consisted of the following as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Instruction	6,333,946	6,333,946
Public Service	100,000	100,000
Academic Support	1,005,260	705,260
Institutional Support	30,000	30,000
Operation and Maintenance of Plant	94,086	94,086
Scholarships and Fellowships	<u>2,871,328</u>	<u>2,822,649</u>
	<u>10,434,620</u>	<u>10,085,941</u>

7. **Endowed Net Assets**

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

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

A spending rate is determined by the Foundation's Board of Directors, with consideration given to market conditions, the spending levels of peer institutions, and historical returns. The objective is to provide relatively stable spending allocations. The Board approved a discretionary spending rate of up to 4.25% for fiscal years ended June 30, 2017 and 2016, based on a separate review of each individual endowment's performance.

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

The Foundation's Board of Directors has adopted the investment policies set forth by the Louisiana Board of Regents and applies these policies to all endowments. Prior to January 2012, the Louisiana Board of Regents spending policy dictated that no portion of the inflation-adjusted corpus, as defined by the Board of Regents, was to be allocated for spending. Effective July 1, 2008, the Louisiana Board of Regents temporarily waived the inflation-adjustment requirement for original corpus. Effective January 26, 2012, the Louisiana Board of Regents investment policy was revised and states that annual spending must be determined in accordance with UPMIFA. However, the market value of each endowment at the end of the most recent fiscal trust fund year must exceed the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal trust fund year for which a spending allocation is to be made. When the current market value of each endowment

7. **Endowed Net Assets** (Continued)

is below the original corpus, no spending is allowed. As a result of the change in the Louisiana Board of Regents investment policy in 2012, the Foundation changed the calculation of permanently restricted funds to be the original corpus which resulted in \$1,989,434 of net assets being released from permanent restriction and classified as temporarily restricted during the fiscal year ended June 30, 2012.

Endowment fund net asset composition as of June 30, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2016	154,266	3,528,500	10,085,941	13,768,707
Contributions	-	2,143	98,679	100,822
Income on long-term investments	7,351	424,874	-	432,225
Net appreciation/(depreciation)	23,925	1,365,921	-	1,389,846
Expenses	(3,062)	(419,305)	-	(422,367)
Interfund transfers	<u>(13,832)</u>	<u>-</u>	<u>250,000</u>	<u>236,168</u>
Endowment net assets, June 30, 2017	<u>168,648</u>	<u>4,902,133</u>	<u>10,434,620</u>	<u>15,505,401</u>
Donor-restricted endowment	-	4,902,133	10,434,620	15,336,753
Board-designated endowment	<u>168,648</u>	<u>-</u>	<u>-</u>	<u>168,648</u>
Total	<u>168,648</u>	<u>4,902,133</u>	<u>10,434,620</u>	<u>15,505,401</u>

Endowment fund net asset composition as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2015	173,071	4,155,137	9,927,535	14,255,743
Contributions	-	400	142,661	143,061
Income on long-term investments	5,405	466,902	-	472,307
Net appreciation/(depreciation)	(7,648)	(650,528)	-	(658,176)
Expenses	(1,976)	(467,666)	-	(469,642)
Interfund transfers	<u>(14,586)</u>	<u>24,255</u>	<u>15,745</u>	<u>25,414</u>
Endowment net assets, June 30, 2016	<u>154,266</u>	<u>3,528,500</u>	<u>10,085,941</u>	<u>13,768,707</u>
Donor-restricted endowment	-	3,528,500	10,085,941	13,614,441
Board-designated endowment	<u>154,266</u>	<u>-</u>	<u>-</u>	<u>154,266</u>
Total	<u>154,266</u>	<u>3,528,500</u>	<u>10,085,941</u>	<u>13,768,707</u>

As of June 30, 2017 and 2016, non-endowment fund net assets were \$1,816,499 and \$927,339, respectively, for temporarily restricted and \$513,708 and \$529,798, respectively, for unrestricted.

8. Contributed Services

Louisiana State University in Shreveport provides to the Foundation, without cost, services for the administration of the Foundation in the form of personnel. These services are valued at their actual cost to the University. For the years ended June 30, 2017 and 2016, contributed personnel costs were determined to be \$65,382 and \$57,920, respectively. The amounts for these services have not been reflected in the Foundation's financial statements.

9. Fair Value Measurements

In 2009, the Foundation adopted FASB Accounting Standards Codification Topic 820, "Fair Value Measurements (Topic 820)." Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2017 and 2016 are as follows:

	<i>Assets at Fair Value as of June 30, 2017</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Markets	-	1,285,006	-	1,285,006
Certificates of Deposit	1,600,000	-	-	1,600,000
Mutual Funds:				
Domestic Blended	3,302,023	-	-	3,302,023
Domestic Fixed Income	4,442,192	-	-	4,442,192
Domestic Growth	3,934,218	-	-	3,934,218
Domestic Value	4,040,928	-	-	4,040,928
Foreign Blended	1,118,055	-	-	1,118,055
Foreign Growth	1,349,295	-	-	1,349,295
Foreign Value	<u>690,766</u>	<u>-</u>	<u>-</u>	<u>690,766</u>
Total Mutual Funds	18,877,477	-	-	18,877,477

9. **Fair Value Measurements** (Continued)

	<i>Assets at Fair Value as of June 30, 2017</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government Obligations and Corporate Bonds	-	2,734,624	-	2,734,624
Common Stock-Domestic	<u>3,391</u>	<u>-</u>	<u>-</u>	<u>3,391</u>
Total	<u>20,480,868</u>	<u>4,019,630</u>	<u>-</u>	<u>24,500,498</u>

	<i>Assets at Fair Value as of June 30, 2016</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Markets	-	1,492,766	-	1,492,766
Certificates of Deposit	1,750,000	-	-	1,750,000
Mutual Funds:				
Domestic Blended	1,386,369	-	-	1,386,369
Domestic Fixed Income	3,430,753	-	-	3,430,753
Domestic Growth	6,648,867	-	-	6,648,867
Domestic Value	1,695,751	-	-	1,695,751
Foreign Blended	1,269,462	-	-	1,269,462
Foreign Growth	743,520	-	-	743,520
Foreign Value	<u>773,005</u>	<u>-</u>	<u>-</u>	<u>773,005</u>
Total Mutual Funds	15,947,727	-	-	15,947,727
Government Obligations and Corporate Bonds	-	2,554,344	-	2,554,344
Common Stock-Domestic	<u>3,937</u>	<u>-</u>	<u>-</u>	<u>3,937</u>
Total	<u>17,701,664</u>	<u>4,047,110</u>	<u>-</u>	<u>21,748,774</u>

10. **Subsequent Events**

In accordance with FASB Accounting Standards Codification Topic 740 "Subsequent Events," the Foundation evaluated events and transactions that occurred after the statement of financial position date but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements. The Foundation evaluated such events through November 9, 2017 and noted no subsequent events.