

**Southeastern Louisiana University  
Foundation**

Financial Report

Year Ended June 30, 2017

## Table Of Contents

	Page
<b>Report of Certified Public Accountants</b>	1
<b>Financial Statements</b>	
Statement Of Financial Position	3
Statement Of Activities And Changes In Net Assets	4
Statement Of Cash Flows	5
Notes To Financial Statements	6
<b>Supplemental Schedules</b>	
Schedule Of Expenses	17
Schedule Of Compensation, Benefits And Other Payments To Agency Head, Political Subdivision Head Or Chief Executive Officer	18
<b>Other Independent Auditor's Report And Findings And Recommendations</b>	
Independent Auditor's 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	20
Schedule Of Findings And Questioned Costs	22
Summary Schedule Of Prior Audit Findings	23

# PEDELAHORE & CO., LLP

*Certified Public Accountants*

## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of Southeastern Louisiana University Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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.

-1-

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeastern Louisiana University Foundation as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the Southeastern Louisiana University Foundation's June 30, 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenses and Schedule of Compensation, Benefits and Other Payments to Agency Head, Political Subdivision Head or Chief Executive Officer on page 18 and 19 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2017, on our consideration of Southeastern Louisiana University Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of 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 Southeastern Louisiana University Foundation's internal control over financial reporting and compliance.

*Pedellahon & Co, LLP*

November 3, 2017  
New Orleans, Louisiana

**Southeastern Louisiana University Foundation**

Statement Of Financial Position

June 30, 2017

(With Comparative Totals for 2016)

	<u>Assets</u>	
	<u>2017</u>	<u>2016</u>
<b>Current Assets</b>		
Cash	\$ 252,571	\$ 137,320
Current portion of receivables	110,961	116,688
Current unconditional promises to give	75,300	97,765
Investments	28,009,574	24,283,383
Prepaid insurance	34,542	28,763
Total current assets	<u>28,482,948</u>	<u>24,663,919</u>
<b>Noncurrent Assets</b>		
Long-term unconditional promises to give, net	40,055	65,305
Investments, endowment	26,295,180	16,106,665
Property and equipment, net	3,870,712	4,000,681
Donated land	1,993,130	1,700,630
	<u>32,199,077</u>	<u>21,873,281</u>
	<u>\$ 60,682,025</u>	<u>\$ 46,537,200</u>
	<u>Liabilities And Net Assets</u>	
<b>Current Liabilities</b>		
Accounts payable	\$ 137,225	\$ 132,684
Deferred rent	92,095	92,095
Agency funds/funds held in custody	16,712,613	15,106,176
Total current liabilities	<u>16,941,933</u>	<u>15,330,955</u>
<b>Long Term Liabilities</b>		
Deferred rent	<u>1,105,138</u>	<u>1,197,233</u>
<b>Net Assets</b>		
Unrestricted	334,730	140,287
Temporarily restricted	15,407,039	13,635,631
Permanently restricted	26,893,185	16,233,094
	<u>42,634,954</u>	<u>30,009,012</u>
	<u>\$ 60,682,025</u>	<u>\$ 46,537,200</u>

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

**Southeastern Louisiana University Foundation**  
**Statement Of Activities And Changes In Net Assets**  
Year Ended June 30, 2017  
(With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2017</u>	<u>2016</u>
<b>Revenue And Other Support</b>					
Unrestricted donations	\$ 125,462	\$ -	\$ -	\$ 125,462	\$ 141,756
Special events	106,431	-	-	106,431	113,421
Management fee	454,012	-	-	454,012	422,942
Scholarships	-	57,885	-	57,885	92,711
Chair	-	8,310	-	8,310	-
Program donations	-	147,783	-	147,783	158,483
Restricted donations	-	280,080	-	280,080	304,147
Rent, Livingston Center	-	92,095	-	92,095	92,095
Other	-	734,295	-	734,295	190,892
Donated land	-	-	375,000	375,000	-
In-kind donations	-	74,515	-	74,515	12,462
Endowments	-	-	10,239,783	10,239,783	404,142
Interest and dividends	25	-	-	25	28
Investment income	-	568,006	-	568,006	539,988
Realized gain (loss)	-	908,971	(4,187)	904,784	153,360
Unrealized gain (loss)	-	1,202,904	-	1,202,904	77,485
Total revenues and other support	<u>685,930</u>	<u>4,074,844</u>	<u>10,610,596</u>	<u>15,371,370</u>	<u>2,703,912</u>
<b>Net Assets Released From Restrictions</b>					
Satisfaction of program restrictions	2,201,106	(2,201,106)	-	-	-
Total revenues and other support	2,887,036	1,873,738	10,610,596	15,371,370	2,703,912
<b>Reclassification of Net Assets</b>					
Interfund transfers	52,835	(102,330)	49,495	-	-
<b>Expenses</b>					
Restricted	1,182,793	-	-	1,182,793	982,214
Endowment	1,018,313	-	-	1,018,313	935,965
Unrestricted	544,322	-	-	544,322	796,011
	<u>2,745,428</u>	<u>-</u>	<u>-</u>	<u>2,745,428</u>	<u>2,714,190</u>
<b>Changes In Net Assets</b>	194,443	1,771,408	10,660,091	12,625,942	(10,278)
Net Assets - Beginning Of Year	<u>140,287</u>	<u>13,635,631</u>	<u>16,233,094</u>	<u>30,009,012</u>	<u>30,019,290</u>
Net Assets - End Of Year	<u>\$ 334,730</u>	<u>\$ 15,407,039</u>	<u>\$ 26,893,185</u>	<u>\$ 42,634,954</u>	<u>\$30,009,012</u>

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

## Southeastern Louisiana University Foundation

### Statement Of Cash Flows

Year Ended June 30, 2017

(With Comparative Totals For 2016)

	<u>2017</u>	<u>2016</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 12,625,942	\$ (10,278)
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	147,859	145,313
Realized and unrealized (gain) loss on investments	(2,107,688)	(230,845)
(Gain) Loss on write down of assets	-	500
Donated land	(375,000)	-
Decrease (increase) in:		
Accounts receivable	53,442	157,938
Prepaid expenses	(5,779)	(5,108)
Increase (decrease) in:		
Accounts payable	4,541	(2,446)
Deferred revenue	<u>(92,095)</u>	<u>(92,095)</u>
 Net cash provided by (used in) operating activities	 <u>10,251,222</u>	 <u>(37,021)</u>
 <b>Cash Flows From Investing Activities</b>		
(Purchases) sales of investments - net	(11,807,018)	(177,540)
Increase in Agency funds	1,606,437	379,729
Proceeds from sale of property	82,500	-
Purchase of property and equipment	<u>(17,890)</u>	<u>(183,460)</u>
 Net cash provided by (used in) investing activities	 <u>(10,135,971)</u>	 <u>18,729</u>
 <b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	 <b>\$ 115,251</b>	 <b>\$ (18,292)</b>
 Cash and cash equivalents at beginning of year	 <u>137,320</u>	 <u>155,612</u>
 Cash and cash equivalents at end of year	 <u>\$ 252,571</u>	 <u>\$ 137,320</u>

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

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2017

**Note 1. Summary Of Significant Accounting Policies**

Nature of Organization

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

Basis of Accounting

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

Basis of Presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets:

- Unrestricted net assets are not subject to donor-imposed stipulations.
- Temporarily restricted net assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation and/or the passage of time.
- Permanently restricted net assets are subject to donor-imposed stipulations that must be maintained permanently by the Foundation. Permanently restricted net assets are primarily comprised of the original endowment gifts given to the Foundation by donors. The donors of these assets permit the Foundation to use the income from these assets.

Revenue Recognition

Revenues are reported as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2017

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

Revenue Recognition

restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets. Gain or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Cash and Cash Equivalents

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

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as 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.

The Foundation uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Conditional Promises to Give

Pursuant with the Foundation's policy, the Foundation does not recognize conditional promises to give as revenue until the condition is met or the pledges are received.

Donated Services and Materials

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

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2017

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

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Real estate investments, which were received by gift, are carried at an independently appraised market value as of the date of acquisition.

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment donated to the Foundation are recorded as contributions at their estimated fair market values at the date of donation. Depreciation is provided over the estimated useful lives of exhaustible assets on a straight-line basis over lives ranging from five to forty years.

Use of Estimates

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

Agency Funds

Agency funds consist of assets held for others, primarily Southeastern Louisiana University.

**Southeastern Louisiana University Foundation**  
**Notes To Financial Statements**  
Year Ended June 30, 2017

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

Income Taxes

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of Louisiana, the Foundation is exempt from taxes on income other than unrelated business income. The Foundation has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(VI). Since the Foundation had no net unrelated business income during the year ended June 30, 2017, no provision for income tax was made. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments for or disclosures in the financial statements.

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

Accounts Receivables

Accounts receivables consist of an amount due for the reimbursement of salary and other expenses in the amount of \$110,961. Management believes the amounts are collectible, and no provision has been made for uncollectible amounts.

**Note 2. Investments**

Investment fees for the year ended June 30, 2017 are \$147,817. Investments are comprised of the following as of June 30, 2017:

	<u>Fair Value</u>
Cash and Money Market Accounts	\$ 1,936,801
Government Obligations	17,663,703
Corporate bonds	5,470,817
Equity Securities	27,977,619
Mutual Funds	540,715
Foreign bonds	30,587
Investments in Maurin Farm, LLC	678,599
Minerals	<u>5,913</u>
	<u>\$ 54,304,754</u>

**Southeastern Louisiana University Foundation**  
**Notes To Financial Statements**  
Year Ended June 30, 2017

**Note 3. Fair Value Measurements**

Generally Accepted Accounting Principles defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value. Fair value is the selling price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy prioritizes fair value measurements based on the types of inputs used in the valuation technique. The inputs are categorized in the following levels:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Observable inputs, including Level 1 prices that have been adjusted; quoted prices for similar assets or liabilities; quoted prices for similar assets and liabilities; and other inputs that are observable or can be substantially corroborated by observable market data.
- Level 3: Unobservable inputs not corroborated by market data, therefore, requiring the organization to use the best available information available in the circumstances, including the organization's own data.

Certain financial instruments are carried at cost on the balance sheets, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash and cash equivalents, accounts receivable, accounts payable and other current liabilities.

The following table presents the Foundation's assets measured at fair value on a recurring basis at June 30, 2017.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Money Market	\$ 1,936,801	\$ -	\$ -	\$ 1,936,801
Government Obligations	-	17,663,703	-	17,663,703
Corporate Bonds	-	5,470,817	-	5,470,817
Equity Securities	27,977,619	-	-	27,977,619
Mutual Funds	540,715	-	-	540,715
Foreign Bonds	-	30,587	-	30,587
Investment in Maurin Farm, LLC	-	-	678,599	678,599
Minerals Interest	-	-	5,913	5,913
<b>Total Assets at Fair Value</b>	<b><u>\$ 30,455,135</u></b>	<b><u>\$ 23,165,107</u></b>	<b><u>\$ 684,512</u></b>	<b><u>\$54,304,754</u></b>

**Southeastern Louisiana University Foundation**  
**Notes To Financial Statements**  
Year Ended June 30, 2017

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

As of June 30, 2017, the Foundation reevaluated the level of certain investments. All debt securities were transferred to Level 2 assets and the mineral interests and investments in Maurin Farm, LLC were transferred to Level 3 assets.

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

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

Pledge Receivables at June 30, 2017 are as follows:

Receivable in Less than One Year	\$ 75,300
Receivable in One to Five Years	<u>57,700</u>
Total Pledges Receivables	133,000
Less Allowance for Uncollectible Pledges	<u>(17,645)</u>
Net Pledges Receivable at June 30, 2017	<u>\$ 115,355</u>

Management estimated the allowance for uncollectible pledges to be approximately thirteen percent of total pledged receivables. The pledge receivables are unsecured.

**Note 5. Net Assets**

Temporarily restricted net assets at June 30, 2017, consisted of the following:

Livingston Literacy Center Building and Furnishings, Net Depreciation	\$ 3,870,712
Land	1,993,130
Scholarships and University Program Support	<u>9,543,197</u>
	<u>\$ 15,407,039</u>
Temporarily restricted net assets, beginning of year	\$ 13,635,631
Contributions and other income	1,302,868
Rent, Livingston Center	92,095

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2017

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

Interfund transfers	(102,330)
Investment income	1,476,977
Net appreciation	1,202,904
Amounts appropriated for expenditure	<u>(2,201,106)</u>
Temporarily restricted net assets, end of year	<u>\$ 15,407,039</u>

Permanently restricted net assets at June 30, 2017, consisted of the following endowed gifts to be held in perpetuity with income to be used for scholarships:

Endowment Net Assets, Beginning of Year	\$ 16,233,094
Contributions	10,614,783
Interfund transfers	49,495
Investment income	<u>(4,187)</u>
Endowment Net Assets, End of Year	<u>\$ 26,893,185</u>

**Note 6. Endowed Net Assets**

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and 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 3% for fiscal year ended June 30, 2017, based on a separate review of each individual endowment's performance.

## Southeastern Louisiana University Foundation

### Notes To Financial Statements

Year Ended June 30, 2017

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

Effectively July 1, 2010, the Louisiana legislature enacted Act No. 168 (“Act”) to implement the Uniform Prudent Management of Industrial 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 that 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. The Louisiana Board of Regents spending policy dictates that the market value of each endowment at the end of the most recent fiscal trust fund year must exceed the original corpus of the endowment by an amount equal to the amount to be made available for expenditure in the next fiscal year for which a spending allocation is made. When the current market value of each endowment is below the original corpus, no spending is allowed.

#### **Note 7. Property And Equipment**

A summary of property and equipment at June 30, 2017 follows:

Building	\$ 5,410,381
Furniture	<u>185,794</u>
Total Property and Equipment	5,596,175
Accumulated Depreciation	<u>(1,725,463)</u>
Net Property and Equipment	<u>\$ 3,870,712</u>

#### **Note 8. Related Party Transactions**

During the fiscal year ended June 30, 2017, the Foundation occupied office space in a building owned by Southeastern Louisiana University Alumni Association, Inc. Under the terms of the lease agreement for the land housing the facilities between the Board of Trustees for State Colleges and Universities (Landlord), and the Southeastern Louisiana University Alumni Association, Inc. (Tenant), the Landlord assumed responsibility for repair, maintenance, taxes, and insurance coverage for the facility, and the Tenant agreed to sublease approximately 3,000 square feet of office space to Southeastern Louisiana University including the space housing the Southeastern Louisiana University Foundation.

**Southeastern Louisiana University Foundation**  
**Notes To Financial Statements**  
Year Ended June 30, 2017

**Note 8. Related Party Transactions (continued)**

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

**Note 9. Fundraising Expense Ratio**

The following represents the entity's fund raising expense ratio for the year ended June 30, 2017:

Total support generated in the statement of activities	\$12,236,978
Fund raising expense	\$ 95,589
Fund raising expense ratio	0.8%

**Note 10. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses for the year are classified as follows:

Program services	\$ 2,201,106
Supporting activities	
Management and general	448,733
Fundraising	<u>95,589</u>
Total expense	<u>\$ 2,745,428</u>

**Note 11. Contingencies**

On February 5, 1998, the Foundation entered into an investment agreement with Southeastern Louisiana University (SLU). Under the terms of this agreement, the Foundation, acting as an agent for SLU, holds funds for endowed professorships, endowed chairs, and endowment funds and provides investment review and management of these funds. The agreement also stipulates that if the principal

**Southeastern Louisiana University Foundation**  
Notes To Financial Statements  
Year Ended June 30, 2017

**Note 11. Contingencies (continued)**

amount as of June 30<sup>th</sup> of each year falls below the endowment base, the Foundation must use other revenues to restore the principal amount to the endowment base. As of June 30, 2017, the endowment base is \$9,680,000 and the fair value of the investment is \$16,748,845 resulting in a \$7,068,845 surplus.

**Note 12. Concentrations Of Credit Risk Arising From Cash Deposits**

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

**Note 13. Deferred Rents**

On June 18, 2002, the Foundation entered into a cooperative endeavor agreement with the Livingston Parish School Board and the Livingston Educational Public Benefit Corporation to rent the Livingston Parish Literacy Center for a term of twenty-five years as an education facility. The lease payments included \$1,000,000 paid in 2006 with five annual payments of \$260,474.50 for a total of \$2,302,372.50. The lease term is 25 years. Rental payments commenced upon substantial completion of the facility constructed under court order. At June 30, 2017, \$92,095 was recognized as income for the year with a balance of \$1,197,233 recorded as deferred rent.

**Note 14. Comparative Totals For 2016**

The financial statements include certain prior year summarized comparative information in total but not by fund. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

**Note 15. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, November 3, 2017.

## **Supplemental Schedules**

**Southeastern Louisiana University Foundation**  
**Schedule Of Expenses**  
Year Ended June 30, 2017  
(With Comparative Totals For 2016)

<b>Expenses</b>	<u>2017</u>	<u>2016</u>
<b>Restricted</b>		
Scholarships	\$ 138,256	\$ 140,903
Payments to Southeastern Louisiana University	-	30,795
Departmental	485,274	471,978
Programs	69,629	(15,900)
Depreciation	147,859	145,313
Other operating	6,081	2,081
In-Kind	74,515	12,462
Interfund transfers	152,566	180,000
Salary and benefits	1,840	2,937
Professional fees	9,314	3,310
Disaster Relief	94,459	-
Transfers out	-	1,335
Uncollectible pledges	3,000	7,000
	<u>\$ 1,182,793</u>	<u>\$ 982,214</u>
<b>Endowment</b>		
Scholarships	\$ 475,561	\$ 442,140
Investment fees	147,817	129,648
Merchant fees	923	1,235
Investment manager fees	394,012	362,942
	<u>\$ 1,018,313</u>	<u>\$ 935,965</u>
<b>Unrestricted</b>		
Dues	\$ 15,510	\$ 9,364
Fundraising	95,589	190,372
Payments to Southeastern Louisiana University	-	205
Other operating	21,195	17,968
Professional development	13,071	8,144
Professional fees	111,016	64,452
Salary and benefits	257,459	325,704
Special events	16,742	18,488
Uncollectible pledges	1,100	450
University promotions	12,640	160,864
	<u>\$ 544,322</u>	<u>\$ 796,011</u>

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

**Southeastern Louisiana University Foundation**  
Supplementary Information  
Year Ended June 30, 2017

Schedule Of Compensation, Benefits And Other Payments To Agency Head,  
Political Subdivision Head Or Chief Executive Officer

The Schedule Of Compensation, Benefits And Other Payments To Agency Head, Political Subdivision Head Or Chief Executive Officer is presented in compliance with Act 706 of the 2014 Session of the Louisiana Legislature.

The Foundation's President (agency head, political subdivision head or chief executive officer) as well as any other board member of the governing board serves without compensation, remuneration, benefits or otherwise.

Accordingly, there are no applicable payments to reports.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-

**Other Independent Auditor's Report  
And Findings And Recommendations**

# PEDELAHORE & CO., LLP

*Certified Public Accountants*

## **Independent Auditor's 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  
Southeastern Louisiana University Foundation  
Hammond, 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 financial statements of Southeastern Louisiana University Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southeastern Louisiana University 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeastern Louisiana University Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's 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 weakness 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 Southeastern Louisiana University Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contract, and grants, 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. The 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.

This report is intended solely for the information and use of the management of Southeastern Louisiana University Foundation the Board of Directors, others within the Foundation, the Louisiana Legislative Auditor and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Peddecalon, Co Ltd*

November 3, 2017  
New Orleans, Louisiana

**Southeastern Louisiana University Foundation**  
**Schedule Of Findings And Questioned Costs**  
**Year Ended June 30, 2017**

**Section I – Summary Of Auditor’s Results**

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	_____ Yes <u>  X  </u> No
Significant deficiencies not considered to be material weakness?	_____ Yes <u>  X  </u> None Reported
Noncompliance material to financial statements noted?	_____ Yes <u>  X  </u> No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	Not Applicable
Significant deficiencies not considered to be material weakness?	Not Applicable
Type of auditors’ report issued on compliance for major programs:	Not Applicable
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	Not Applicable

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

Not Applicable

Dollar threshold used to distinguish between Type A and Type B programs:	Not Applicable
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Auditee qualified as low-risk audit?	Not Applicable
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**Section II – Internal Control And Compliance**

No reported findings for the year ended June 30, 2017

**Section III – Management Letter Comments**

No reported findings for the year ended June 30, 2017

**Southeastern Louisiana University Foundation**  
**Summary Schedule Of Prior Audit Findings**  
Year Ended June 30, 2017

**Section I – Compliance And Internal Control Material To The Financial Statements**

No reported findings for the year ended June 30, 2016

**Section II – Internal Control And Compliance**

No reported findings for the year ended June 30, 2016

**Section III – Management Letter**

No reported findings for the year ended June 30, 2016