

**SOUTHERN UNIVERSITY
AT
NEW ORLEANS FOUNDATION**

**FINANCIAL AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

Sean M. Bruno
Certified Public Accountants

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Sean M. Bruno
Certified Public Accountants

Member
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern University at New Orleans Foundation
(A Not-For-Profit Organization)
New Orleans, Louisiana

I have audited the accompanying financial statements of the **Southern University at New Orleans Foundation (the Foundation)** which comprise the statement of financial position as of June 30, 2016, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **the Foundation** as of June 30, 2016, 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.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS
August 25, 2017

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

ASSETS

Cash and cash equivalents (NOTE 2)	\$ 375,553
Due from affiliate (NOTE 3)	<u>25,302</u>
Total assets	<u><u>\$ 400,855</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts Payable	<u>\$ 4,500</u>
Total liabilities	<u>4,500</u>

Net Assets

Unrestricted	<u>396,355</u>
Total net assets	<u>396,355</u>
Total liabilities and net assets	<u><u>\$ 400,855</u></u>

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

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Revenues and Other Support

Student assessment fees	\$ 25,302
Contributions	45,967
Special event - BASH	74,619
Interest	751
Other revenues	10,000
Bayou Classic	<u>10,390</u>

Total revenues and other support	<u>167,029</u>
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Expenses

Program services:

University support	7,381
Student support	18,690
Printing	1,621
Professional services	11,396
Travel	2,187
Miscellaneous	4,105
Scholarships	5,000
Bayou Classic	13,192
Supplies	5,436
Special event - BASH	<u>27,491</u>

Total expenses	<u>96,499</u>
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Change in net assets	70,530
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Net assets, July 1, 2015	<u>325,825</u>
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Net assets June 30, 2016	<u><u>\$ 396,355</u></u>
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The accompanying notes are an integral part of these financial statements.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

Cash Flows From Operating Activities:

Change in net assets	\$ 70,530
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Decrease in due from affiliate	606
Decrease in accounts payable	<u>(5,500)</u>
 Net cash provided by operating activities and net increase in cash and cash equivalents	 <u>65,636</u>
 Cash and cash equivalents, July 1, 2015	 <u>309,917</u>
Cash and cash equivalents, June 30, 2016	<u><u>\$ 375,553</u></u>

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

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND PURPOSE:

The **Southern University at New Orleans Foundation (the Foundation)** is a nonprofit corporation organized to promote the educational and cultural welfare of Southern University at New Orleans. The Foundation is exempt from federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Tax Exemption Status

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

The Foundation files as a tax-exempt organization. Should that status be challenged in the future, **the Foundation's** 2013, 2014, and 2015 tax years are open for examination by the Internal Revenue Service.

Basis of Reporting

The Foundation is a non-profit organization whose financial statements are prepared on the accrual basis.

A description of the three (3) net asset categories is as follows.

Unrestricted net assets include funds no subject do donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **the Foundation** are included in this category. **The Foundation** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **the Foundation**, and therefore **the Foundation's** policy is to record these net assets as unrestricted.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis of Reporting, Continued

The Foundation has adopted the provision of Statement of Financial Accounting Standards SFAS No. 116, "Account for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organization," which are codified in FASB ASC Topic 958 and reports its financial position and activities according to three classes of net assets according to external (donor) imposed restrictions.

A description of the three net asset categories is as follows:

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **the Foundation** are included in this category. **The Foundation** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **the Foundation**, and therefore **the Foundation's** policy is to record these net assets as unrestricted.

Temporarily restricted net assets include realized gains and losses, investment income and gifts and contributions for which donor-imposed restrictions (capital improvements, etc.) have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At June 30, 2016, **the Foundation** did not have any temporarily or permanently restricted net assets.

Cash and Cash Equivalents

Cash consists solely of demand deposits and a money market account that are secured by federal deposit insurance. All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents for purposes of the statement of cash flows.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Promises to Give

Unconditional promises to give are recognized as contribution revenue and receivables in the period in which the promise is received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at the present value of their estimated future cash flows if they are expected to be collected in more than one year.

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments and Investment Income

Investments in equity securities and mutual funds are measured at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recorded as an increase in the due to affiliate liability account as the investments are held on behalf of the University.

Contributions

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the 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. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Unconditional promises to give cash and other assets to **the Foundation** are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Fixed Assets

Fixed assets of **the Foundation** are recorded as assets and are stated at historical cost, if purchased or at fair value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. **The Foundation** follows the practice of capitalizing all fixed asset purchases that exceed \$1,000.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which are 5 to 39 years.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the programs and supporting services benefitted.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 3 - DUE FROM AFFILIATE

The Foundation has student assessment fees that are maintained by Southern University at New Orleans which totaled \$25,302 at June 30, 2016.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject **the Foundation** to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeded federally insured limits by \$125,553 as of June 30, 2016.

NOTE 5 - FAIR VALUES OF FINANCIAL INSTRUMENTS:

In accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price that **the Foundation** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the Foundation's** assets or liabilities. The inputs are summarized in the three broad levels listed below:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determine through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity. The inputs into the determination of fair value require significant management judgment or estimation.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - FAIR VALUES OF FINANCIAL INSTRUMENTS, CONTINUED:

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. **The Foundation's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. All investments are considered to be level I investments.

The following table summarizes the valuation of **the Foundation's** financial instruments measured at fair value by the above ASC Topic 820 fair value hierarchy levels as of June 30, 2016 are as follows:

	<u>Carrying Value</u>	<u>Fair Value</u>
Financial Assets:		
Cash and cash equivalents	\$ 375,553	\$ 375,553
Due from affiliate	25,302	25,302

NOTE - 6 RELATED PARTY TRANSACTIONS:

Southern University System

Southern University at New Orleans provides office space, meeting space, utilities, telephone costs and use of all office furniture and equipment to **the Foundation** at no costs. The value of these services has not been determined by the University and as such has not been recorded in the financial statements.

NOTE 7 - SUBSEQUENT EVENTS:

FASB 165, which is codified in ASC Topic 855-10, requires the disclosure of the date through which **the Foundation** has evaluated subsequent events and the reason for selecting that date. **The Foundation** evaluated subsequent events from July 1, 2016 to August 25, 2017, the date the financial statements were available to be issued.