

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Baton Rouge, Louisiana

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

Roslyn J. Johnson, LLC
Certified Public Accountant

**UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Baton Rouge, Louisiana**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
University of Louisiana System Foundation
Baton Rouge, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of **University of Louisiana System Foundation (a nonprofit organization)**, which comprise the statement of financial position as of December 31, 2018, 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 the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance 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, 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.

University of Louisiana System Foundation
Independent Auditor's Report
(Continued)

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **University of Louisiana System Foundation** as of December 31, 2018, 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.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Governmental Auditing Standards*, I have also issued my report dated May 3, 2019, on my consideration of the **University of Louisiana System 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 my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 **University of Louisiana System Foundation's** internal control over financial reporting and compliance.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
May 3, 2019

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Statement of Financial Position
For the Year Ended December 31, 2018

Statement A

ASSETS

Current Assets

Cash in bank - restricted	\$1,000
Cash in bank - unrestricted	101,829

Total Assets \$102,829

NET ASSETS

Without donor restrictions:	
Undesignated	101,829
With donor restrictions:	
AT&T Scholarship	1,000

Total Net Assets \$102,829

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Statement of Activities
For the Year Ended December 31, 2018

Statement B

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$115,879	\$19,000	\$134,879
Interest income	1,161		1,161
Net assets released from restrictions for satisfaction of program restrictions	18,000	(18,000)	
Total Revenues and Other Support	<u>135,040</u>	<u>1,000</u>	<u>136,040</u>
Expenses			
Program Services			
Catering/special meals	12,075		12,075
Media/printing	3,213		3,213
Scholarships	12,000		12,000
Management and General			
Professional services	39,049		39,049
Other	4,836		4,836
Total Expenses	<u>71,173</u>	<u>-</u>	<u>71,173</u>
Change in Net Assets	63,867	1,000	64,867
Net Assets - Beginning of Year	<u>37,962</u>		<u>37,962</u>
Net Assets - End of Year	<u><u>101,829</u></u>	<u><u>1,000</u></u>	<u><u>102,829</u></u>

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2018

Statement C

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	<u>\$64,867</u>
Net cash provided (used) by Operating Activities	<u>64,867</u>
Net increase in cash	64,867
CASH AT BEGINNING OF YEAR	<u>37,962</u>
CASH AT END OF YEAR	<u><u>\$102,829</u></u>

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION

Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Nature of Organization

University of Louisiana System Foundation (the Foundation) was incorporated in August 1987 under the provisions of Louisiana Revised Statute 12:201. **The Foundation** was organized for the purpose of promoting the educational and cultural welfare of the **University of Louisiana System**, aiding students in continuing his or her studies within the System, and soliciting and accepting donations for the purpose of providing scholarships and activities in research.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standard's Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ACS 958, **the Foundation** reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by **the Foundation** is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are those net assets received with donor-imposed restrictions limiting **the Foundation's** use of the assets. The Foundation's net assets with donor restrictions at December 31, 2018, consist of donations received from AT&T for the purpose of providing scholarships.

C. Net Assets Released from Restrictions

Expiration of temporary restrictions of net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets.

D. 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

University of Louisiana System Foundation
Notes to the Financial Statements
(Continued)

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. Accordingly, actual results may differ from those estimates.

E. Cash and Cash Equivalents

The Foundation's cash consist of interest-bearing demand deposits with financial institutions. At December 31, 2018, **the Foundation's** cash in the bank totaled \$102,829 as reported on the Statement of Net assets. For purposes of reporting the statement of cash flows, **the Foundation** considers all highly liquid debt instruments purchased with original maturities of three month or less to be cash equivalents. **The Foundation** had no cash equivalents at December 31, 2018.

F. Contributions

Contributions represent cash donations to **the Foundation** from organizations and individuals and are recognized as support when received. Contributions received and subject to donor restrictions are reported in net assets as "With Donor Restrictions".

G. Functional Expenses

Expenses included in the program services column on the statement of activities are those expenses that are directly identifiable with a specific program. Management and general expenses include those expenses that are not directly identifiable with any other specific function but rather provide for the overall support and direction of **the Foundation**.

H. Income Taxes

Income taxes are not provided for in the financial statements since **the Foundation** is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

I. Contributed Services

Professional accounting services and office space have been provided to **the Foundation** at no cost. The contributions are not significant and have not been recorded in the financial statements. **The Foundation** has no other employees.

J. Liquidity Management

As of December 31, 2018, **the Foundation's** has financial assets of \$ 102,829 in cash, with \$1,000 subject to donor restrictions and the remaining balance of \$101,829 which could be made readily available within one year of the statement of financial position date to meet general expenditures. As part of its liquidity management, **the Foundation** has a policy to structure its financial assets to be made available as general expenditures, liabilities, and other obligations become due.

University of Louisiana System Foundation
Notes to the Financial Statements
(Continued)

Note 3 – Concentration of Credit Risk

The Foundation maintains cash balances in a financial institution located in Louisiana which is insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2018, **the Foundation's** cash balances of \$102,829 was fully insured.

Note 4 – Board Designation of Net Assets

At December 31, 2018, **the Foundation's** Board has not designated any portion of net assets for specific purposes.

Note 5 – Board of Directors Compensation

The six members of the Board of Directors serve without compensation but may be reimbursed for necessary expenses in the discharge of their duties. There were no reimbursements made to board members during the year ended December 31, 2018, for expenses incurred in the discharge of their duties.

Note 6 – Subsequent Events

The Foundation is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **The Foundation** performed such an evaluation through May 3, 2019, the date which the financial statements were available to be issued and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition of disclosure.

OTHER REPORTS

**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
University of Louisiana System Foundation
Baton Rouge, Louisiana

I 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 United States, the financial statements of the governmental activities of **University of Louisiana System Foundation (the Foundation)** a nonprofit corporation, which comprise the statement of financial position as of December 31, 2018, 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 my report thereon dated May 3, 2019.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the Foundation's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the Foundation's** internal control.

A *deficiency in internal controls* 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 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 of those charged with governance.

My 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 my audit I did not identify any deficiencies in internal control that I 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** financial statements are free from material misstatement, I 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

University of Louisiana System Foundation

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*

compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 entity'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; however, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
May 3, 2019

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Audit

Type of auditor's report issued:		Unmodified
Internal control over financial reporting:		
Material weakness (es) identified?	_____ Yes	_____ X No
Significant deficiency (ies) identified ?	_____ Yes	_____ X No
Noncompliance material to financial statements noted?	_____ Yes	_____ X No
Management Letter Comments	_____ X Yes	_____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings or questioned costs for the year ended December 31, 2018.

SECTION III - FEDERAL AWARD FINDINGS

The Foundation received no Federal Award during year ended December 31, 2018.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Schedule of Findings and Questioned Costs
Year Ended December 31, 2018

No matters reported.

MANAGEMENT LETTER

MANAGEMENT LETTER

To the Board of Directors
University of Louisiana System Foundation
Baton Rouge, Louisiana

In planning and performing my audit of the financial statements of the **University of Louisiana System Foundation (the Foundation)** as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, I considered **the Foundation's** internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the Foundation's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the Foundation's** internal control.

However, during my audit I became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The following paragraphs summarize my comments and suggestions regarding those matters. I previously reported on **the Foundation's** internal control in my report dated May 3, 2019. This letter does not affect my report dated May 3, 2019, on the financial statements of **the Foundation**.

I will review the status of my comments during my next audit. I have already discussed these comments and suggestions with various Foundation personnel and I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations. My comments are summarized as follows.

MLC 2018-1 Written Operational Policies and Procedures

Year initially Reported: 2015

My audit procedures disclosed the **University of Louisiana System Foundation** has not established written operational policies and procedures for the processing of financial transactions, which identify what is to be done, who is to do it, and how it should be done. Written policies and procedures strengthen an organization's internal control by providing direction in the correct way of processing transactions as well as providing a source of continuity and basis for uniformity. Without clear written and current procedures, an internal control structure is weaker because practices, controls, guidelines and processes may not be applied consistently, correctly and uniformly.

I recommend the management of the **University of Louisiana System Foundation** establish written operational policies and procedures for the processing of financial transactions.

Management Corrective Action Plan:

University of Louisiana System Foundation management concurs with the finding and recommendations. At our December 6, 2018, board meeting, management and the board discussed the need to document internal controls to ensure adequate policies and procedures are in place relative to the Foundation's financial activities. The board requested that written policies and procedures be prepared and presented to the board at its next meeting for review and approval. Our next board meeting will be held on June 27, 2019, at which time we expect to have the documentation reviewed and approved.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
May 3, 2019