

DEMONS UNLIMITED FOUNDATION

**ANNUAL FINANCIAL REPORT
JUNE 30, 2018**

Demons Unlimited Foundation
Annual Financial Report
June 30, 2018

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Johnson, Thomas & Cunningham

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Demons Unlimited Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the Demons Unlimited Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 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

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.

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 Demons Unlimited Foundation as of June 30, 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 Matters

We have previously audited the Demons Unlimited Foundation's financial statements for the year ended June 30, 2017, and we expressed an unmodified opinion on those audited financial statements in our report dated August 30, 2017. In our opinion, the summarized information as of and for the year ended June 30, 2017, presented herein for comparative purposes, is consistent, in material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2018, on our consideration of Demons Unlimited 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 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 Demons Unlimited Foundation's internal control over financial reporting and compliance.

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

August 21, 2018
Natchitoches, Louisiana

FINANCIAL STATEMENTS

Demons Unlimited Foundation
Statement of Financial Position
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets-		
Current Assets:		
Cash & Cash Equivalents	\$ 347,762	\$ 240,258
Investments	1,834,176	1,699,684
Contributions Receivable	23,850	17,220
Other Receivables	6,869	0
Cash Advances	<u>1,557</u>	<u>500</u>
Total Assets	<u>\$2,214,214</u>	<u>\$1,957,662</u>
Liabilities and Net Assets-		
Current Liabilities:		
Accounts Payable and Accruals	\$ 179,923	\$ 155,181
Current Portion of Long-Term Debt	<u>153,637</u>	<u>26,085</u>
Total Current Liabilities	\$ 333,560	\$ 181,266
Long-Term Debt, Net of Current Portion	<u>572,428</u>	<u>27,148</u>
Total Liabilities	<u>\$ 905,988</u>	<u>\$ 208,414</u>
Net Assets-		
Unrestricted	\$ (163,137)	\$ (194,583)
Temporarily Restricted	(381,492)	178,239
Permanently Restricted	<u>1,852,855</u>	<u>1,765,592</u>
Total Net Assets	<u>\$1,308,226</u>	<u>\$1,749,248</u>
Total Liabilities and Net Assets	<u>\$2,214,214</u>	<u>\$1,957,662</u>

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

Demons Unlimited Foundation
Statement of Activities
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
PUBLIC SUPPORT AND REVENUES:					
Contributions	\$ 393,760	\$ 431,797	\$ 85,198	\$ 910,755	\$ 874,120
Fundraising	383,687	748,795	0	1,132,482	1,176,677
Interest Income	50,477	0	2,065	52,542	43,093
Unrealized gain on Investments	81,595	0	0	81,595	154,962
Other	71,367	126,763	0	198,130	180,684
Net Assets Released from Restrictions:					
Satisfactions of Program Restrictions	<u>1,867,086</u>	<u>(1,867,086)</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total Public Support and Revenues	 <u>\$2,847,972</u>	 <u>\$ (559,731)</u>	 <u>\$ 87,263</u>	 <u>\$2,375,504</u>	 <u>\$2,429,536</u>
EXPENSES:					
Program Services-					
Equipment Purchases	\$ 746,874	\$ 0	\$ 0	\$ 746,874	\$ 458,621
Marketing and Promotions	324,463	0	0	324,463	318,527
Materials and Supplies	275,481	0	0	275,481	276,704
Professional Services	46,575	0	0	46,575	65,925
Scholarships	281,857	0	0	281,857	364,874
Transfers to NSU	296,001	0	0	296,001	308,154
Travel	202,900	0	0	202,900	186,876
Other Program Services	420,955	0	0	420,955	409,158
Supporting Services-					
Fundraising	187,897	0	0	187,897	153,993
Management and General	<u>33,523</u>	<u>0</u>	<u>0</u>	<u>33,523</u>	<u>27,544</u>
 Total Expenses	 <u>\$2,816,526</u>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$2,816,526</u>	 <u>\$2,570,376</u>
 Change in Net Assets	 \$ 31,446	 \$ (559,731)	 \$ 87,263	 \$ (441,022)	 \$ (140,840)
Net Assets, Beginning of Year	<u>(194,583)</u>	<u>178,239</u>	<u>1,765,592</u>	<u>1,749,248</u>	<u>1,890,088</u>
Net Assets, End of Year	<u>\$ (163,137)</u>	<u>\$ (381,492)</u>	<u>\$1,852,855</u>	<u>\$1,308,226</u>	<u>\$1,749,248</u>

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

Demons Unlimited Foundation
Statement of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$(441,022)	\$(140,840)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
(Increase)/Decrease in Contributions Receivable	(6,630)	(7,989)
(Increase)/Decrease in Other Current Assets	(7,926)	(500)
Increase/(Decrease) in Accounts Payable and Accruals	<u>24,742</u>	<u>36,291</u>
Net Cash Used by Operating Activities	<u>\$(430,836)</u>	<u>\$(113,038)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	\$(288,280)	\$(274,475)
Earnings withdrawn from Investments	<u>153,788</u>	<u>31,249</u>
Net Cash Used by Investing Activities	\$(134,492)	\$(243,226)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on notes payable	\$ (30,970)	\$ (52,252)
Advances from bank loans	<u>703,802</u>	<u>0</u>
Net Cash Provided by Financing Activities	<u>\$ 665,362</u>	<u>\$ 0</u>
Net Increase/(Decrease) in Cash	\$ 107,504	\$(408,516)
Cash at Beginning of Year	<u>240,258</u>	<u>648,774</u>
Cash at End of Year	<u>\$ 347,762</u>	<u>\$ 240,258</u>

SUPPLEMENTAL DISCLOSURE

Cash payments for interest during the years ended June 30, 2018 and 2017 totaled \$1,530 and \$3,608, respectively.

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

NOTES TO FINANCIAL STATEMENTS

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2018

Introduction

Demons Unlimited Foundation (the Foundation) was incorporated under Title 12, Chapter 2, Section 201 et seq. and R.S. 17:3390 of the laws of the State of Louisiana as a non-profit organization on October 17, 2013. The organization began operations on July 1, 2013, as the successor to the Northwestern State University Athletic Association, which previously operated under the auspices of the Northwestern State University Foundation.

The primary objectives of the Foundation are: (1) to promote the educational, athletic and cultural welfare of Northwestern State University (the University) and its Athletic Department, its athletic programs and teams that compete in intercollegiate athletic games or competitions, (2) to develop, expand and improve the University's facilities and resources so as to provide broader educational and athletic advantages and opportunities for its students, athletes, and the general public, (3) to solicit and accept funds of all kinds for the purpose of providing scholarships and activities in research or other benefits for the University's athletic programs, and (4) to exercise all powers and authority for the accomplishments of the objectives and purpose of the corporation. The Foundation is governed by a board of directors comprised of thirty-two volunteer members.

Although established to support the University and its athletic program, the Foundation is separate and distinct from the University in law and in fact. As a nonprofit corporation established to support a Louisiana public higher education institution and meeting criteria established in Louisiana R.S. 17:3390B(1)-(3), the Foundation may not be deemed an agent for the University and the Foundation funds are considered private.

The Foundation is required to comply with the provisions set forth in the Affiliation Agreement entered into with the University on June 25, 2013.

1. Summary of Significant Accounting Policies:

The accounting and reporting policies of the Foundation conform to generally accepted accounting principles as applicable to non-profit organizations and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

- A. Financial Statement Presentation – The Foundation has adopted FASB Accounting Standard Codification 958-205 “Not-for-Profit Organizations.” Under FASB ASC 958-205, 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. All assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restriction when the time restrictions expire or the contributions are used for the restricted purpose.

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2018

Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.

- B. Basis of Accounting - The accompanying financial statements of the Foundation have been prepared in conformity with generally accepted accounting principles (GAAP) utilizing the accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when they are incurred.
- C. 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 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, expenditures and expenses during the reporting period. Actual results could differ from those estimates.
- D. Endowment Funds – The Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Expenditures from endowed funds are based on donor or other legally imposed restrictions being satisfied. These restrictions are reviewed by management.
- E. Income Taxes - Demons Unlimited Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as “other than private foundation”. 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’s Form 990, *Return of Organization Exempt from Income Tax*, for the years 2014 and beyond remain subject to examination by the Internal Revenue Service, generally for three years after filing.
- F. Contributions and Promises to Give - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. In the fiscal year all restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The Foundation uses the allowance method to determine uncollectible receivables. The allowance is based on prior year experience and management’s analysis of specific promises made. At June 30, 2018, there is no allowance.

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2018

G. Investments – 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. The investments are invested in a wide range of asset classes including equities, fixed income, alternative investments, and cash. All investments are pooled to maximize investment efficiency with separate general ledger accounts being maintained for each Endowment and Non-Endowment account. The asset allocations are reviewed annually by the Investment Committee and discussed with the Investment Managers.

Investments are reported at fair value, which is determined using quoted market price of identical or similar securities. Donated investments are recorded at fair market value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions of investments are based on the net proceeds and the adjusted cost basis of the securities sold, using the specific identification method. Realized and unrealized gains and losses are recognized in the Foundation's current operations as increases or decreases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

H. Cash and Equivalents - Cash and cash equivalents are considered to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purposes of the statement of cash flows, cash includes amounts in demand deposits, interest-bearing deposits, and money market accounts.

I. Property, Plant and Equipment – Property, plant and equipment utilized by the Foundation are generally not recorded on the financial statements of the Foundation, as these assets are owned by Northwestern State University of Louisiana. For those assets owned by the Foundation, purchased property and equipment greater than \$1,000 is carried at cost; while donated property and equipment is recorded at the approximate fair value at the date of donation. For the year ended June 30, 2018, the Foundation owned no property, plant or equipment.

J. Functional Expenses – Functional expenses are allocated between program services and supporting services. Supporting services include fundraising and general and administrative activities. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Foundation.

K. Advertising – The Foundation's policy is to expense advertising costs as the costs are incurred.

2. Cash and Cash Equivalents:

At June 30, 2018, the Foundation had cash and cash equivalents (book balances) as follows:

Interest bearing demand deposit accounts	\$343,103
Money market accounts	<u>4,659</u>
Total	<u>\$347,762</u>

The cash and cash equivalents of the Foundation are subject to the following risk:

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2018

2. Cash and Cash Equivalents (continued):

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the account holder will not be able to recover its deposits. The Foundation maintains deposit accounts with two local financial institutions. The balances at each of these financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times throughout the year, the Foundation may maintain certain bank accounts in excess of federally insured limits, which is a concentration of credit risk. The risk is mitigated by maintaining deposits in only well capitalized financial institutions. The Foundation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

As of June 30, 2018, the Foundation had \$376,944 (bank balances) in the demand deposit checking accounts, of which \$253,168 were insured by FDIC and \$123,776 were unsecured. The Foundation also maintained unsecured money market holdings as part of its managed investment accounts totaling \$4,659 at June 30, 2018.

3. Receivables and Other Assets:

At June 30, 2018, the Foundation had other assets consisting of the following:

Contributions Receivable	\$23,850
Other Receivables	6,869
Cash Advances	<u>1,557</u>
Total	<u>\$32,276</u>

4. Investments:

At June 30, 2018, the Foundation had investments summarized as follows:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Mutual Funds	<u>\$ 1,871,055</u>	<u>\$ 172,203</u>	<u>\$ 209,082</u>	<u>\$ 1,834,176</u>

Total contributions to investments for the year ended June 30, 2018, were \$85,198 and are included in the Statement of Activities under public support and revenues (contributions).

Investment earnings included in the Statement of Activities were comprised of the following for the year ended June 30, 2018:

Interest earned on Investments	\$ 52,102
Unrealized gain on Investments	<u>81,595</u>
Total	<u>\$ 133,697</u>

Total investment fees and expenses incurred on investments for the year ended June 30, 2018, were \$13,572 and are included in the Statement of Activities under other program services expenses.

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2018

5. Fair Value of Financial Instruments:

The Foundation has adopted FASB Accounting Standards Codification Topic 820, "Fair Value Measurements". 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 include:

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.

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 measured on a recurring basis at June 30, 2018 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Mutual Funds	\$ <u>1,834,176</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,834,176</u>

6. Accounts Payable and Other Accruals:

At June 30, 2018, the Foundation had accounts payable and other accrued liabilities as follows:

Accounts Payable to Vendors	\$163,639
Tickets due to NSU	430
Credit Card Payable	1,019
Sales Tax Payable	69
Interest Payable	<u>14,766</u>
Total	<u>\$179,923</u>

7. Long-Term Debt:

The following is a summary of debt transactions for the year ended June 30, 2018:

The Foundation executed a Promissory Note with the Bank of Montgomery on June 26, 2017, for a line of credit to secure funds for a new Video Board Project at Turpin Stadium. The amount of the note was \$696,333 with an interest rate of 4.5%. During the current year, loan proceeds in the amount of

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2018

7. Long-Term Debt (continued):

\$696,333 had been advanced to the Foundation. In January, 2018, the loan was restructured to include accrued interest of \$7,469, bringing the loan balance to \$703,802 at June 30, 2018. The loan is to be repaid in 5 annual installments beginning December 1, 2018, with final payment due on December 1, 2022.

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amount Due</u> <u>in one Year</u>
Note Payable –					
Bank of Montgomery	\$ 0	\$703,802	\$ 0	\$703,802	\$131,374
Note Payable - Exchange Bank	<u>53,233</u>	<u>0</u>	<u>(30,970)</u>	<u>22,263</u>	<u>22,263</u>
Total	<u>\$53,233</u>	<u>\$703,802</u>	<u>\$(30,970)</u>	<u>\$726,065</u>	<u>\$153,637</u>

The terms of the individual debt issues of the Foundation are as follows:

	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u>
Note Payable – Bank of Montgomery	4.50%	12/01/2022	\$703,802	\$703,802
Note Payable – Exchange Bank	4.00%	07/15/2019	\$150,100	\$22,263

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$153,637	\$28,685	\$182,322
2020	133,815	25,759	159,574
2021	139,783	19,791	159,574
2022	146,127	13,447	159,574
2023	<u>152,703</u>	<u>6,871</u>	<u>159,574</u>
Total	<u>\$726,065</u>	<u>\$94,553</u>	<u>\$820,618</u>

Total interest expense incurred and accrued on long-term debt for the year ended June 30, 2018 was \$23,766 and is included on the Statement of Activities under Other Program Services expenses.

8. Compensation Paid to Board Members:

The members of the Board of Directors serve as volunteers and receive no compensation.

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2018

9. Restricted Net Assets:

At June 30, 2018, the Foundation's restricted net assets are composed as follows:

	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Balance at June 30, 2017	\$ 178,239	\$ 1,765,592	\$ 1,943,831
Contributions	431,797	85,198	516,995
Fundraising	748,795	-	748,795
Investment Income	-	2,065	2,065
Other income/(expense)	126,763		126,763
Released from restriction	(1,867,086)	-	(1,867,086)
Balance at June 30, 2018	<u>\$ (381,492)</u>	<u>\$ 1,852,855</u>	<u>\$ 1,471,363</u>

Deficit in Temporarily Restricted Net Assets - During the current fiscal year, the Foundation borrowed approximately \$700,000 for the installation of a video scoreboard at the University stadium. The University owns the stadium, capital improvements and all assets therein. The transfer of these funds to the University created a deficit in temporarily restricted net assets. Management anticipates the deficit will be offset in future years as related contributions are received.

Permanently restricted net assets consisting of endowments primarily established to support University athletic scholarships totaled \$1,852,855.

During the year ended June 30, 2018, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restrictions specified by donors as follows:

Equipment purchases	\$ 745,828
Marketing and promotions	139,959
Materials and supplies	235,925
Professional services	19,540
Scholarships	40,057
Transfers to NSU	13,152
Travel	171,784
Other program services expenses	346,972
Fundraising	153,401
Management and general	468
Total Restrictions Released	<u>\$1,867,086</u>

10. Lease Commitments:

At June 30, 2018, the Foundation was not obligated under any capital or operating lease commitments.

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2018

11. Donated Services:

Under SFAS No. 116, contributions of services are to be recognized if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended June 30, 2018, the Foundation received the donated services in the amount of \$99,693 from Natchitoches Regional Medical Center which satisfied the criteria for recognition. This amount is recognized as revenue in the contributions portion of the Statement of Activities, and as expenses in the Other Program Services portion of the Statement of Activities.

12. Litigation:

There was no outstanding litigation against the Foundation at June 30, 2018.

13. Affiliation Agreement:

The purpose of the Foundation is to receive, hold, invest, and administer property and to make expenditures to support programs and activities designed to advance, promote, or otherwise benefit Northwestern State University and its Athletic Program. Because of the close association of the Foundation with the University, an affiliation agreement was originally entered into by both parties on June 25, 2013. The agreement will be valid until such a time as one of the parties terminates the agreement with 90 days written notice.

14. Related Party Transactions:

During the year ended June 30, 2018, the University provided certain personnel services to the Foundation. The estimated value of these transactions for the year ended June 30, 2018 was \$64,700. In return, the Foundation solicits and manages funds for the benefit of the University.

On July 23, 2008, Northwestern State University Foundation, Inc. obtained a loan through MidSouth Bank for the purchase of a new scoreboard for the NSU Athletics Department. All collateral for the loan is held in the name of Northwestern State University Foundation, Inc. The debt and all related revenues and expenses are reported on Northwestern State University Foundation's financial statements. During the current year, contributions of \$204,398 were received by Demons Unlimited Foundation to be applied against the indebtedness. Principal payments of \$319,697 and interest payments of \$18,931 were made by the Northwestern State University Foundation during the current year, which paid off the loan.

15. Comparative Totals for Prior Year:

The financial statements include certain prior year summarized comparative information in total. 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 Foundation's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2018

16. New Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers* as a new Topic, Accounting Standards Codification *Topic 606*. The ASU is intended to provide a more robust framework for addressing revenue issues, improving comparability of revenue recognition practices and improve disclosure requirements. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU No. 2014-09 by one year. This ASU is effective for annual reporting periods beginning after December 13, 2018, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The Foundation is currently evaluating the impact on the results of operations, financial condition and cash flows, and has not determined the impact on its financial statements at this time.

In March 2016, the FASB issued ASU No. 2016-02, *Leases*. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2019, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The Foundation is currently evaluating the impact on the results of operations, financial condition and cash flows, and has not determined the impact on its financial statements at this time.

In August 2016, the FASB issue ASU No. 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about liquidity and availability of resources, expenses and investment return, and cash flows. ASU No. 2016-14 is effective for annual reporting periods beginning after December 15, 2017, and shall be applied retrospectively. Early adoption is permitted. The Foundation is currently evaluating the impact on the results of operations, financial condition and cash flows, and has not determined the impact on its financial statements at this time.

17. Subsequent Events:

Management has evaluated events through August 21, 2018, the date which the financial statements were available for issue. There were no items to be reported.

INTERNAL CONTROL AND COMPLIANCE

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

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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 of
Demons Unlimited Foundation

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 Demons Unlimited Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 our report thereon dated August 21, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Demons Unlimited 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 Demons Unlimited Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Demons Unlimited Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Demons Unlimited Foundation'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 purposes. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Johnson, Thomas & Cunningham CPA's
Johnson, Thomas & Cunningham, CPA's

August 21, 2018
Natchitoches, Louisiana

Demons Unlimited Foundation
Schedule of Audit Results
For the Year Ended June 30, 2018

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Demons Unlimited Foundation for the year ended June 30, 2018.
2. No material weaknesses relating to the audit of the financial statements were identified.
3. No instances of noncompliance material to the financial statements of Demons Unlimited Foundation were disclosed during the audit.
4. Demons Unlimited Foundation was not subject to a federal single audit for the year ended June 30, 2018.

B. Financial Statement Findings

No matters were reported.

C. Prior Year Findings

No matters were reported.

AGREED UPON PROCEDURES

Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLICATION OF AGREED-UPON PROCEDURES

To the Board of Directors
Demons Unlimited Foundation
Athletic Fieldhouse
468 Caspari Street
Natchitoches, LA 71497

We have performed the procedures enumerated below, which were agreed to by the chief executive of the Demons Unlimited Foundation, solely to assist you in evaluating whether the accompanying Statement of Revenue and Expenses (Statement) of the Demons Unlimited Foundation (Foundation) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2018. Foundation's management is responsible for the Statement and its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the Foundation. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

Agreed-Upon Procedures for Affiliated and Outside Organizations

1. We obtained the Statement of Revenues and Expenses for the Foundation for the year ending June 30, 2018. We agreed the amounts reported in the Statement to the Foundation's general ledger. The Statement of Revenues and Expenses is included and made a part of this agreed-upon procedures report.

We found no exceptions as a result of these procedures.

2. We reviewed the audited financial statements of the Foundation for the year ending June 30, 2018, to ascertain any corrective action in response to comments concerning the Foundation's internal control structure, if any.

No internal control matters were identified which required corrective action.

Agreed-Upon Procedures for Revenues and Expenses

Revenues

1. Contribution revenue for the year ended June 30, 2018 was compared to prior period amounts. The total amount of \$1,173,586 was agreed to the supporting schedule provided by the Foundation. A sample of 47 items was selected from the schedule and vouched to supporting documentation. Total contributions were compared to the amounts recorded in the general ledger. We searched for contributions by any organization, agency or individual (e.g., contributions by corporate sponsors) that constituted 10 percent or more of all contributions received during the reporting period.

As a result of these procedures, we noted a 49% (or \$52,929) increase in contributions compared to the prior year. All items sampled were vouched to supporting deposits and donor receipts, with no exceptions noted. We identified no organization, agency, or individual that contributed 10 percent or more of all contributions received during the year ended June 30, 2018.

2. In-Kind contributions for the year ended June 30, 2018, were compared to the prior period amounts. The total amount of \$80,292 was agreed to the supporting schedule provided by the Foundation. A sample of six items was selected from the schedule and vouched to supporting documentation. Total in-kind contributions were compared to the amounts recorded in the general ledger.

As a result of these procedures, we noted an increase of \$16,363 (or 25%) in contributions compared to the same category for the prior year. All items sampled were vouched to supporting deposits, donor receipts, and/or in-kind contracts, with no exceptions noted.

3. The Foundation's participation in revenues from NCAA/Conference distributions during the year ended June 30, 2018 were compared to the prior period amounts. The related revenues of \$123,000 were compared and agreed to the supporting schedule provided by the Foundation and to the general ledger. A sample of one transaction was selected from the schedule and vouched to supporting documentation.

We found no exceptions as a result of these procedures.

4. Revenue from Program Sales, Concessions, Novelty Sales and Parking was compared to the prior year amounts. The total amount of \$14,806 was recalculated and agreed to the supporting schedule provided by the Foundation. Total revenues were compared to the amounts recorded in the general ledger.

We noted a \$5,557 decrease in Program Sales, Concessions, Novelty Sales and Parking revenue compared to the prior year. We found no exceptions as a result of these procedures.

5. Revenue from Sponsorships for the year ended June 30, 2018, were compared to the prior period amounts. The total amount of \$779,288 was agreed to the supporting schedule provided by the Foundation. A sample of 12 items was selected from the schedule and vouched to supporting documentation. Total sponsorship revenues were compared to the amounts recorded in the general ledger.

We identified a 5% (or \$48,122) decrease from the prior year. All items sampled were vouched to supporting deposits and/or sponsor agreements, with no exceptions noted. Total amounts were agreed to the supporting schedule and general ledger with no exceptions noted.

6. Sports camp revenues of \$67,928 for the year ended June 30, 2018 were compared to the prior year and agreed to supporting schedules provided by the Foundation. A sample of three items were selected and vouched to supporting documentation. Total sports camp revenues were compared to the amounts recorded in the general ledger.

We noted a \$7,539 decrease in sports camp revenues compared to the previous year. All items sampled were vouched to supporting deposits and camp summary forms, noting no exceptions. Total amounts were agreed to the supporting schedule and general ledger with no exceptions noted.

7. Endowment and Investment Income for the year ended June 30, 2018, was compared to the prior period amounts. The total gain of \$133,697 was agreed to the supporting schedule provided by the Foundation and vouched to supporting documentation. Total amounts were compared to the general ledger.

We noted an \$81,595 unrealized gain on investments and interest income of \$52,102 for the year ended June 30, 2018. These amounts were vouched to supporting brokerage statements and agreed to the general ledger, with no exceptions as a result of these procedures.

8. Other Operating Revenues for the year ended June 30, 2018 were compared to the prior year and agreed to supporting schedules provided by the Foundation. Related revenues of \$2,906 were compared to the general ledger amounts.

We found no exceptions as a result of these procedures.

Expenses

1. Athletics Student Aid expenses for the year ended June 30, 2018 were compared to the prior year and agreed to supporting schedules provided by the Foundation. The individual student-account details of six students from the listing of student aid recipients for the year ended June 30, 2018 were compared and agreed to the amounts related in the aid award letters. A sample of four items were selected from the schedule and vouched to supporting documentation. Totals were compared and agreed to the general ledger.

We noted a 21% (or \$83,018) decrease in Athletics Student Aid expenses compared to the prior year. All six student detail samples were agreed to the aid award letters with no exceptions noted. The four items selected for sampling were vouched to supporting checks and invoices, noting no exceptions. Total expenses of \$281,856 were agreed to the supporting schedules and general ledger with no exceptions noted.

2. Guarantee expenses for the year ended June 30, 2018 were compared and agreed to the supporting schedule provided by the Foundation and to the general ledger. One item was selected for sampling and vouched to supporting documentation.

Total guarantee expenses of \$20,071 was agreed to the supporting schedule and general ledger with no exceptions noted. The sample was vouched to the supporting invoice and check, noting no exceptions.

3. A schedule of salaries, benefits and bonuses paid to coaches for the year ended June 30, 2018 was provided by the Foundation. Coaches' contracts from football, men's basketball, and women's basketball were selected, compared and agreed to the supporting schedule. The Foundation awards supplemental compensation to coaches for championships earned, post-season participation, vehicle stipends, housing stipends, and other salary supplements in accordance with the plan approved by its board of directors. These payments are made to the coaches through the Northwestern State University payroll system and reimbursed to the University by the Demons Unlimited Foundation. Coaching salaries, benefits and bonuses of \$293,632 for the year ended June 30, 2018 were compared and agreed to the general ledger.

We noted a 2% (or \$6,413) decrease in these expenses compared to the prior year. We found no exceptions as a result of these procedures.

4. A schedule of support staff expenses paid by the University and related entities for the year ended June 30, 2018 was provided by the Foundation. The total was compared and agreed to the supporting schedule and the general ledger. A sample of five items was vouched to supporting documentation.

We noted a 14% (or \$4,726) decrease in support staff expenses compared to the prior year. The items sampled were vouched to supporting documentation provided by Demons Unlimited. Total expenses of \$27,871 was compared and agreed to the supporting schedule and general ledger with no exceptions identified.

5. Recruiting expenses for the year ended June 30, 2018 were compared to the prior year, recalculated, and agreed to the supporting schedule provided by the Foundation. Seven items were selected for sampling and vouched to supporting documentation. The Foundation's recruiting expense policies were reviewed, compared and agreed to existing Northwestern State University and NCAA-related policies.

We noted a 5% (or \$6,667) increase in recruiting expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices and approval forms, with no exceptions noted. Total expenses of \$135,491 were compared and agreed to the supporting schedule and general ledger with no exceptions noted. We found no exceptions as a result of the comparison to NSU and NCAA recruiting policies.

6. Team travel expenses for the year ended June 30, 2018 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. Five items were selected for sampling and vouched to supporting documentation. The Foundation's team travel policies were reviewed, compared and agreed to existing Northwestern State University and NCAA-related policies.

We noted a \$2,123 decrease in team travel compared to the prior year. All items selected for sampling were vouched to supporting invoices and approval forms, with no exceptions noted. Total expenses of \$72,451 were compared and agreed to the supporting schedule and general ledger with no exceptions noted. We found no exceptions as a result of the comparison to NSU and NCAA-related travel policies.

7. Equipment, uniform and supplies expenses for the year ended June 30, 2018 was compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of 18 operating expenses from the supporting schedule were vouched to supporting documentation. Total related expenses were compared and agreed to the general ledger.

We noted a \$4,117 (or 1%) increase in equipment, uniform and supplies expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices and approval forms, as well as gift-in-kind contracts, noting no exceptions. Total expenses of \$267,652 were compared and agreed to the supporting schedule and general ledger, with no exceptions noted.

8. Game expenses of \$20,841 for the year ended June 30, 2018 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of two expenses from the supporting schedule was vouched to supporting documentation. Total game expenses were compared and agreed to the general ledger.

We noted a \$2,406 decrease in game expenses compared to the prior year. The samples selected for testing were vouched to supporting invoice and approval form, noting no exceptions. Total game expenses were compared and agreed to the supporting schedule and general ledger with no exceptions noted.

9. Fund raising, marketing and promotion expenses of \$459,245 for the year ended June 30, 2018 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of 22 items was selected from the supporting schedule and were vouched to supporting documentation. The total was compared and agreed to the general ledger.

We noted a 7% increase in fund raising, marketing and promotion expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices and/or contracts, with no exceptions noted. Total expenses were compared and agreed to the supporting schedule and general ledger, with no exceptions noted.

10. Sports camp expense of \$60,684 for the year ended June 30, 2018 was compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of two items was selected from the supporting schedule and vouched to supporting documentation. Total expenses were compared and agreed to the general ledger.

We noted a \$6,951 increase in camp expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices, approval forms, and camp summaries, with no exceptions noted. Total expenses were compared and agreed to the supporting schedule and general ledger with no exceptions noted.

11. Athletic Facilities Debt Service, Leases and Rental Fees expenses of \$22,236 for the year ended June 30, 2018 were agreed to the supporting schedule provided by the Foundation. There were no items reported in this category for the prior year. One item was selected and vouched to supporting documentation. Total related expenses were compared and agreed to the general ledger.

Interest expense was vouched to supporting bank loan statement, with no exception noted. Total expenses were compared and agreed to the supporting schedule and general ledger with no exceptions noted.

12. Direct overhead and administrative expenses of \$67,018 for the year ended June 30, 2018 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of six items was selected from the schedule and vouched to supporting documentation. Total related expenses were compared and agreed to the general ledger.

We noted a \$2,317 decrease in direct overhead and administrative expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices and appeared to be properly journalized. Related expenses for this category were compared and agreed to the supporting schedules and general ledger, with no exceptions noted.

13. Medical expenses and medical insurance expense of \$120,356 for the year ended June 30, 2018 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of two items were selected from the supporting schedule and vouched to supporting documentation. Total related expenses for this category were compared and agreed to the general ledger.

We noted a \$17,993 decrease in medical and medical insurance expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices and trade contracts, with no exceptions noted. Related expenses for this category were compared and agreed to the supporting schedule and general ledger, noting no exceptions.

14. Memberships and dues expenses of \$3,285 for the year ended June 30, 2018 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of one item was selected from the supporting schedule and vouched to supporting documentation. Total membership and dues expenses were compared to the general ledger.

We noted no significant change in memberships and dues expenses compared to the prior year. The selected sample was vouched to supporting invoice with no exception noted. Total expenses in this category were compared and agreed to the supporting schedule and general ledger, noting no exceptions.

15. Expenses for Student Athlete Meals in the amount of \$19,061 for the year ended June 30, 2018 was agreed to the supporting schedule provided by the Foundation. A sample of one item was selected from the schedule and vouched to supporting documentation. Total student athlete meals expenses were compared and agreed to the general ledger.

We noted a \$7,478 decrease in student athlete meals compared to the prior year. The selected sample was vouched to supporting invoice with no exceptions noted. Related expenses for this category were compared and agreed to the supporting schedule and general ledger, with no exceptions noted.

16. Other operating expense of \$207,693 for the year ended June 30, 2018 was compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of ten items were selected from the supporting schedule and vouched to supporting documentation. Total other operating expense was compared and agreed to the general ledger.

We noted no significant change in other operating expenses when compared to the prior year. All items selected for sampling were vouched to supporting invoices and appeared to be properly journalized. Related expenses for this category were compared and agreed to the supporting schedules and general ledger, with no exceptions noted.

Other Agreed Upon Procedures

1. We directly confirmed the cash balances recorded at the end of the reporting period by the Foundation and reviewed the related year-end bank reconciliations.

We found no exceptions as a result of this procedure.

2. We obtained and inspected the minutes of the Foundation's governing body during the year ended June 30, 2018.

As a result of these procedures, we noted three meetings of the Foundation's board and one meeting of the Executive Committee during the year ended June 30, 2018.

3. We selected a sample of financial transactions discussed in the minutes and compared and agreed each selection to the Foundation's accounting records.

Increased contributions for corporate sponsorships, endowment contributions, and increased scholarship (book) costs were traced to the general ledger.

4. We obtained and documented an understanding of the internal controls in place surrounding revenues and expenses related to the Foundation.

We made inquiries of the Foundation's business manager and executive director relating to the procedures and internal accounting controls, including departmental organization, control consciousness of staff, competency of personnel, adequate safeguarding and control of records, and procedures for handling of receipts. We documented our understanding of these internal controls.

5. We compared and agreed the revenues and expenses related to the Northwestern State University Foundation Scoreboard Account to the schedule provided by Demons Unlimited Foundation. We obtained and examined the supporting loan documentation (including bank statements and payment notices) and verified the accuracy of the information provided.

The loan incurred for the purchase of the scoreboard in 2008 is held in the name of Northwestern State University (NSU) Foundation. At the time of the original loan, the NSU Athletic Association was operated under the auspices of the NSU Foundation. The debt and all related revenue and expenses are carried on the financial statements for the NSU Foundation. Contributions received by Demons Unlimited Foundation to be applied against the indebtedness are deposited to the NSU Foundation scoreboard account. During the current year, total contributions to the scoreboard account totaled \$204,398 (including amounts received directly by NSU Foundation).

A loan payment in the amount of \$174,086 was made on September 17, 2017, which included interest of \$14,586. A final loan payment in the amount of \$164,197 was made on March 28, 2018, which included interest of \$4,345. During the year ending June 30, 2018, interest earned on the scoreboard bank account totaled \$126.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statement of revenue and expenses of Demons Unlimited Foundation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

August 21, 2018
Natchitoches, Louisiana

DEMONS UNLIMITED FOUNDATION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- program Specific	Total
REVENUES:						
<u>Operating Revenues</u>						
Ticket Sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Direct State/Govt Support	0	0	0	0	0	0
Student Fees	0	0	0	0	0	0
Direct Institutional Support	0	0	0	0	0	0
Less transfers to University	0	0	0	0	0	0
Indirect Institutional Support	0	0	0	0	0	0
Guarantees	0	0	0	0	0	0
Contributions	117,682	124,049	45,480	296,498	589,877	1,173,586
In-Kind Contributions	16,692	8,600	0	6,199	48,801	80,292
Compensation/Benefits paid by 3rd Pty	0	0	0	0	0	0
Media Rights	0	0	0	0	0	0
NCAA Distributions	0	0	0	0	123,000	123,000
Conference Distributions	0	0	0	0	0	0
Program Sales, Concessions, Novelty Sales and Parking	1,141	192	184	13,289	0	14,806
Royalties, Advertisements and Sponsorships	9,250	1,500	1,500	0	767,038	779,288
Sports Camp Revenues	0	55,548	0	12,380	0	67,928
Endowment and Investment Income	0	0	0	0	133,697	133,697
Other Operating Revenue	0	0	0	30	2,876	2,906
Total Operating Revenues	\$ 144,765	\$ 189,889	\$ 47,164	\$ 328,396	\$ 1,665,289	\$ 2,375,503
EXPENSES:						
<u>Operating Expenses</u>						
Athletics Student Aid	\$ 87,679	\$ 21,514	\$ 15,125	\$ 152,497	\$ 5,042	\$ 281,856
Guarantees	0	885	1,935	17,250	0	20,071
Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	43,993	46,030	79,122	124,488	0	293,632
Coaching Other Compensation & Benefits paid by 3 rd Party	0	0	0	0	0	0
Support Staff/Administrative Salaries, Benefits and Bonuses paid by the University and Related Entities	2,700	8,200	0	0	16,971	27,871
Support Staff/Administrative Other Compensation & Benefits Paid by 3 rd Party	0	0	0	0	0	0
Severance Payments	0	0	0	0	0	0
Recruiting	64,346	15,269	12,329	41,276	2,272	135,491
Team Travel	2,752	9,467	112	60,119	0	72,451
Equipment, Uniform and Supplies	38,267	4,844	5,515	170,709	48,317	267,652
Game Expenses	9,881	488	531	9,941	0	20,841
Fund Raising, Marketing and Promotion	105,787	20,416	14,157	54,733	264,152	459,245

(continued on next page)

DEMONS UNLIMITED FOUNDATION
STATEMENT OF REVENUES AND EXPENSES (continued)
FOR THE YEAR ENDED JUNE 30, 2018

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- program Specific	Total
Sports Camp Expenses	\$ 0	\$ 54,719	\$ 0	\$ 5,965	\$ 0	\$ 60,684
Spirit Groups	0	0	0	0	0	0
Athletic Facilities, Debt Service, Leases & Rental Fees	22,236	0	0	0	0	22,236
Direct Overhead & Admin Expenses	3,769	2,324	692	11,903	48,330	67,018
Indirect Institutional Support	0	0	0	0	0	0
Medical Expenses and Medical Insurance	18,652	0	0	0	101,703	120,356
Memberships and Dues	285	140	320	1,690	850	3,285
Student Athlete Meals	435	1,934	1,826	13,197	1,670	19,061
Other Operating Expenses	17,660	18,671	2,743	17,387	151,231	207,693
Total Operating Expenses	\$ 418,442	\$204,901	\$134,407	\$ 681,155	\$ 640,538	\$2,079,443
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>\$(273,677)</u>	<u>\$(15,012)</u>	<u>\$(87,243)</u>	<u>\$(352,759)</u>	<u>\$1,024,751</u>	<u>\$ 296,060</u>

DEMONS UNLIMITED FOUNDATION
NOTES TO STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

1. Summary of Significant Accounting Policies:

The accompanying Schedule of Revenues and Expenses has been prepared on the accrual basis of accounting.

2. Contributions:

We identified no organization, agency, or individual that contributed 10 percent or more of all contributions received during the year ended June 30, 2018.

3. Capitalization of Assets:

All capital assets acquired by Demons Unlimited Foundation become the property of Northwestern State University of Louisiana. As such, the Foundation has no policy for depreciating assets nor estimating the useful lives of assets.

Capital outlay expenses in the amount of \$737,082 for facility improvements made during the year ended June 30, 2018 are not included as operating expenses in the Statement of Revenues and Expenses.

4. Long-Term Liabilities:

The following is a summary of debt transactions for the year ended June 30, 2018:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Amount Due</u> <u>in one Year</u>
Note Payable –					
Bank of Montgomery	\$ 0	\$703,802	\$ 0	\$703,802	\$131,374
Note Payable - Exchange Bank	<u>53,233</u>	<u>0</u>	<u>(30,970)</u>	<u>22,263</u>	<u>22,263</u>
Total	<u>\$53,233</u>	<u>\$703,802</u>	<u>\$(30,970)</u>	<u>\$726,065</u>	<u>\$153,637</u>

The repayment schedule, including interest payments, for all outstanding debt maintained by the Foundation during the reporting period is as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$153,637	\$28,685	\$182,322
2020	133,815	25,759	159,574
2021	139,783	19,791	159,574
2022	146,127	13,447	159,574
2023	<u>152,703</u>	<u>6,871</u>	<u>159,574</u>
Total	<u>\$726,065</u>	<u>\$94,553</u>	<u>\$820,618</u>