

**DEMONS UNLIMITED FOUNDATION**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2019**

Demons Unlimited Foundation  
Annual Financial Report  
June 30, 2019

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**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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

Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA - A Professional Corporation  
Jessica H. Broadway, CPA - A Professional Corporation  
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

**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, 2019, and the related statements of activities and changes in net assets, statement of functional expenses, and statements of 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, 2019, 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.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Foundation adopted Accounting Standards Update No. 2016-14, “*Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*” in the current year related to the presentation of financial statements. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Our opinion is not modified with respect to this matter.

**Other Matters**

We have previously audited the Demons Unlimited Foundation’s financial statements for the year ended June 30, 2018, and we expressed an unmodified opinion on those audited financial statements in our report dated August 21, 2018. In our opinion, the summarized information as of and for the year ended June 30, 2018, 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 30, 2019, 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.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the National Collegiate Athletic Association (NCAA), Bylaw 6.2.3.1, we have issued a report dated August 30, 2019, on the results of our agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those compliance areas identified in the NCAA’s Bylaw 6.2.3.1 agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Thomas, Cunningham, Broadway & Todtenbier  
*Certified Public Accountants*

August 30, 2019  
Natchitoches, Louisiana

## FINANCIAL STATEMENTS

Demons Unlimited Foundation  
Statement of Financial Position  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u> (Restated)
Assets-		
Current Assets:		
Cash & Cash Equivalents	\$ 467,489	\$ 347,762
Investments	1,904,823	1,834,176
Contributions Receivable	26,414	23,850
Other Receivables	30	6,869
Cash Advances	<u>0</u>	<u>1,557</u>
Total Assets	<u>\$2,398,756</u>	<u>\$2,214,214</u>
Liabilities and Net Assets-		
Current Liabilities:		
Accounts Payable and Accruals	\$ 173,476	\$ 174,097
Current Portion of Long-Term Debt	<u>227,449</u>	<u>153,637</u>
Total Current Liabilities	\$ 400,925	\$ 327,734
Long-Term Debt, Net of Current Portion	<u>744,607</u>	<u>572,428</u>
Total Liabilities	<u>\$1,145,532</u>	<u>\$ 900,162</u>
Net Assets-		
Without Donor Restrictions	\$ 40,966	\$ (163,137)
With Donor Restrictions (Note 11)	<u>1,212,258</u>	<u>1,477,189</u>
Total Net Assets	<u>\$1,253,224</u>	<u>\$1,314,052</u>
Total Liabilities and Net Assets	<u>\$2,398,756</u>	<u>\$2,214,214</u>

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

Demons Unlimited Foundation  
Statement of Activities  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total-Restated</u>
<b>PUBLIC SUPPORT AND REVENUES:</b>				
Contributions	\$ 297,207	\$ 490,539	\$ 787,746	\$ 910,755
Fundraising	399,018	903,944	1,302,962	1,132,482
Investment Return, net	101,565	1,477	103,042	120,124
Other	45,240	159,035	204,275	212,143
Net Assets Released from Restrictions for Satisfactions of Program Restrictions	<u>1,819,926</u>	<u>(1,819,926)</u>	<u>0</u>	<u>0</u>
<b>Total Public Support and Revenues</b>	<b><u>\$2,662,956</u></b>	<b><u>\$ (264,931)</u></b>	<b><u>\$2,398,025</u></b>	<b><u>\$2,375,504</u></b>
<b>EXPENSES:</b>				
Program Services-				
Facilities	\$ 648,126	\$ 0	\$ 648,126	\$ 746,874
Scholarships	179,204	0	179,204	281,857
Team Programs	1,385,522	0	1,385,522	1,560,549
Supporting Services-				
Fundraising	53,150	0	53,150	187,897
Management and General	<u>192,851</u>	<u>0</u>	<u>192,851</u>	<u>33,523</u>
<b>Total Expenses</b>	<b><u>\$2,458,853</u></b>	<b><u>\$ 0</u></b>	<b><u>\$2,458,853</u></b>	<b><u>\$2,810,700</u></b>
<b>Change in Net Assets</b>	<b>\$ 204,103</b>	<b>\$ (264,931)</b>	<b>\$ (60,828)</b>	<b>\$ (435,196)</b>
Net Assets, Beginning of Year - Restated (see Note 10)	<u>(163,137)</u>	<u>1,477,189</u>	<u>1,314,052</u>	<u>1,749,248</u>
<b>Net Assets, End of Year</b>	<b><u>\$ 40,966</u></b>	<b><u>\$ 1,212,258</u></b>	<b><u>\$1,253,224</u></b>	<b><u>\$1,314,052</u></b>

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

Demons Unlimited Foundation  
Statement of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services			Supporting Services			2019 Total	
	Facilities	Scholar- ships	Team Programs	Total Program Services	Fund- raising	Management and General		Total Supporting Services
EXPENSES:								
Equipment Purchases for NSU	\$581,905	\$ 0	\$ 17,844	\$ 599,749	\$ 0	\$ 0	\$ 0	\$ 599,749
Marketing & promotions	0	0	190,276	190,276	28,064	4,763	32,827	223,103
Materials & supplies	22,074	0	306,883	328,957	381	43,809	44,190	373,147
Professional Services	1,776	0	25,655	27,431	530	11,500	12,030	39,461
Scholarships	0	179,204	0	179,204	0	0	0	179,204
Salaries & benefits transfers to NSU	0	0	292,563	292,563	0	13,965	13,965	306,528
Travel	0	0	204,268	204,268	1,045	18,589	19,634	223,902
Other Program Services	42,259	0	201,037	243,296	4,444	94,396	98,840	342,136
Fundraising	0	0	145,956	145,956	18,686	0	18,686	164,642
Administrative	112	0	1,040	1,152	0	5,829	5,829	6,981
<b>Total Expenses</b>	<b>\$648,126</b>	<b>\$179,204</b>	<b>\$1,385,522</b>	<b>\$2,212,852</b>	<b>\$53,150</b>	<b>\$192,851</b>	<b>\$246,001</b>	<b>\$2,458,853</b>

Comparative Totals for the Year Ended June 30, 2018

	Program Services			Supporting Services			2018 Total	
	Facilities	Scholar- ships	Team Programs	Total Program Services	Fund- raising	Management and General		Total Supporting Services
EXPENSES:								
Equipment Purchases for NSU	\$734,746	\$ 0	\$ 12,128	\$ 746,874	\$ 0	\$ 0	\$ 0	\$ 746,874
Marketing & promotions	0	0	290,783	290,783	33,680	0	33,680	324,463
Materials & supplies	8,018	0	266,591	274,609	281	591	872	275,481
Professional Services	4,110	0	39,799	43,909	2,666	0	2,666	46,575
Scholarships	0	281,857	0	281,857	0	0	0	281,857
Salaries & benefits transfers to NSU	0	0	282,047	282,047	0	13,954	13,954	296,001
Travel	0	0	192,584	192,584	0	10,316	10,316	202,900
Other Program Services	0	0	325,645	325,645	89,484	0	89,484	415,129
Fundraising	0	0	126,111	126,111	61,786	0	61,789	187,897
Administrative	0	0	24,861	24,861	0	8,662	8,662	33,523
<b>Total Expenses</b>	<b>\$746,874</b>	<b>\$281,857</b>	<b>\$1,560,549</b>	<b>\$2,589,280</b>	<b>\$187,897</b>	<b>\$ 33,523</b>	<b>\$221,420</b>	<b>\$2,810,700</b>

Demons Unlimited Foundation  
Statement of Cash Flows  
For the Year Ended June 30, 2019  
(With Comparative Totals for 2018)

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in Net Assets	\$ (60,828)	\$(441,022)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase)/Decrease in Contributions Receivable	(2,564)	(6,630)
(Increase)/Decrease in Other Current Assets	8,396	(7,926)
Increase/(Decrease) in Accounts Payable and Accruals	<u>(5,280)</u>	<u>24,742</u>
Net Cash Used by Operating Activities	<u>\$ (60,276)</u>	<u>\$(430,836)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investments	\$(142,533)	\$(288,280)
Earnings withdrawn from Investments	<u>76,545</u>	<u>153,788</u>
Net Cash Used by Investing Activities	<u>\$ (65,988)</u>	<u>\$(134,492)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on notes payable	\$(154,109)	\$ (30,970)
Advances from bank loans	<u>400,100</u>	<u>703,802</u>
Net Cash Provided by Financing Activities	<u>\$ 245,991</u>	<u>\$ 672,832</u>
Net Increase in Cash	\$ 119,727	\$ 107,504
Cash at Beginning of Year	<u>347,762</u>	<u>240,258</u>
Cash at End of Year	<u>\$ 467,489</u>	<u>\$ 347,762</u>

SUPPLEMENTAL DISCLOSURE

Cash payments for interest during the years ended June 30, 2019 and 2018 totaled \$31,522 and \$23,766, 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, 2019

## 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. Basis of Presentation - The Foundation has adopted FASB Financial Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Foundation is required to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors. 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; therefore, the Foundation's policy is to record these net assets as without donor restrictions.

Demons Unlimited Foundation  
Notes to Financial Statements  
June 30, 2019

- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby, the donor has stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Changes in Net Assets.

- 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 net assets with donor restrictions (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. Support and Revenue - Contributions of cash and other assets are reported as (1) without donor restrictions if they are received without donor restrictions, or (2) with donor restrictions if they are received with donor restrictions. Contributions of donated non-cash assets are recorded at their fair values in the period received. 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, 2019, there is no allowance.

Demons Unlimited Foundation  
Notes to Financial Statements  
June 30, 2019

- 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 net assets without donor restrictions unless a donor restricts their use.

- H. Cash and Cash 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, 2019, the Foundation owned no property, plant or equipment.
- J. Functional Allocation of 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.
- L. Reclassification - Certain reclassifications from prior year information were made to conform to current year presentation.

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M. Accounting Change - Effective July 1, 2018, the Foundation adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*, Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (1) requiring the presentation of only two classes of net assets entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (2) modifying the presentation of underwater endowment funds and related disclosures, (3) requiring the use of the placed-in-service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (4) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (5) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (6) presenting investment return net of external and direct expenses, and (7) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Foundation’s net assets previously reported as unrestricted are now reported as net assets without donor restrictions. This adoption of ASU 2016-14 had no impact on the Foundation’s total net assets.

2. Asset Liquidity:

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while investing available funds in accordance with the Foundation’s investment policy. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its regular, recurring, and ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. The Foundation anticipates revenues to be sufficient to meet its general expenditure needs.

As of June 30, 2019, the following financial assets could be made readily available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 467,489
Receivables	26,444
Investments	<u>1,904,823</u>
Total financial assets, period end	\$2,398,756
Less, those unavailable for general expenditures within one year, due to:	
Donor restrictions for endowments	<u>(1,904,823)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 493,933</u>

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.

Demons Unlimited Foundation  
Notes to Financial Statements  
June 30, 2019

3. Cash and Cash Equivalents:

At June 30, 2019, the Foundation had cash and cash equivalents (book balances) as follows:

Interest bearing demand deposit accounts	\$422,299
Money market accounts	<u>45,190</u>
Total	<u>\$467,489</u>

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

*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, 2019, the Foundation had \$443,895 (bank balances) in the demand deposit checking accounts, of which \$266,497 were insured by FDIC and \$177,398 were unsecured. The Foundation also maintained unsecured money market holdings as part of its managed investment accounts totaling \$45,190 at June 30, 2019.

4. Receivables and Other Assets:

At June 30, 2019, the Foundation had other assets consisting of the following:

Contributions Receivable	\$26,414
Other Receivables	<u>30</u>
Total	<u>\$26,444</u>

5. Investments:

At June 30, 2019, the Foundation had investments summarized as follows:

	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Mutual Funds	<u>\$ 1,877,077</u>	<u>\$ 236,828</u>	<u>\$ 209,082</u>	<u>\$ 1,904,823</u>

Total contributions to investments for the year ended June 30, 2019, were \$44,755 and are included in the Statement of Activities under public support and revenues (contributions).

Demons Unlimited Foundation  
Notes to Financial Statements  
June 30, 2019

5. Investments (continued):

Investment return included in the Statement of Activities was comprised of the following for the year ended June 30, 2019:

Interest earned on Investments	\$ 52,295
Investment fees	(13,877)
Unrealized gain on Investments	<u>64,624</u>
Total Investment Return, net	<u>\$103,042</u>

*Interest Rate Risk:* This is the risk that changes in market rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the Foundation diversifies its investments by security type and institution.

*Credit Risk:* Generally, credit risk is the risk that the issuer of a debt type investment will not fulfil its obligation to the holder of the investment. United States government securities or obligations explicitly guaranteed by the U. S. government are not considered to have credit risk exposure. The Foundation's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Foundation may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Foundation may invest in United States bonds, treasury notes and bills, government-backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks organized under Louisiana law and national banks having principal offices in Louisiana.

6. 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.

Demons Unlimited Foundation  
Notes to Financial Statements  
June 30, 2019

6. Fair Value of Financial Instruments (continued):

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, 2019 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Mutual Funds	\$ <u>1,904,823</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,904,823</u>

7. Accounts Payable and Other Accruals:

At June 30, 2019, the Foundation had accounts payable and other accrued liabilities as follows:

Accounts Payable to Vendors	\$152,054
Tickets due to NSU	1,099
Credit Card Payable	1,864
Sales Tax Payable	64
Interest Payable	<u>18,395</u>
Total	<u>\$173,476</u>

8. Long-Term Debt:

The following is a summary of debt transactions for the year ended June 30, 2019:

The Foundation executed a Promissory Note with Exchange Bank and Trust Company on June 18, 2014, to secure funds for operating expenses due to unexpected repairs to the baseball field. The amount of the note was \$150,100 with an interest rate of 4.0%. The loan was to be repaid in 35 payments of \$2,955.58 beginning July 15, 2014, with the final payment due on July 15, 2017. The due date was subsequently extended to July 15, 2019. The Foundation made the final payment on the loan on January 9, 2019.

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 Scoreboard Project at Turpin Stadium. The amount of the note was \$696,333 with an interest rate of 4.5%. Loan proceeds in the amount of \$696,333 were advanced to the Foundation. In January, 2018, the loan was restructured to include accrued interest of \$7,469 to the principal, bringing the loan balance to \$703,802. The loan is to be repaid in 5 annual installments of \$159,574 beginning December 1, 2018, with final payment due on December 1, 2022.

Demons Unlimited Foundation  
Notes to Financial Statements  
June 30, 2019

8. Long-Term Debt (continued):

The Foundation executed a Promissory Note with Exchange Bank and Trust Company on April 24, 2019, to secure funds for improvements to the baseball facilities at the University. The amount of the note was \$400,100 with an interest rate of 4.5%. The loan is to be repaid in four annual installments of \$111,617 beginning April 30, 2020, with final payment due on April 30, 2023.

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Amount Due</u> <u>in one Year</u>
Notes Payable -					
Bank of Montgomery	\$703,802	\$ 0	\$(131,846)	\$571,956	\$133,836
Exchange Bank-2014	22,263	0	(22,263)	0	0
Exchange Bank-2019	<u>0</u>	<u>400,100</u>	<u>0</u>	<u>400,100</u>	<u>93,613</u>
Total	<u>\$726,065</u>	<u>\$400,100</u>	<u>\$(154,109)</u>	<u>\$972,056</u>	<u>\$227,449</u>

The terms of the remaining 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	\$571,956
Exchange Bank-2019	4.50%	04/30/2023	\$400,100	\$400,100

The annual requirements to amortize all debt outstanding as of June 30, 2019, including interest payments, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$227,449	\$ 43,742	\$ 271,191
2021	237,685	33,507	271,192
2022	248,380	22,812	271,192
2023	<u>258,542</u>	<u>12,255</u>	<u>270,797</u>
Total	<u>\$972,056</u>	<u>\$112,316</u>	<u>\$1,084,372</u>

Total interest expense incurred and accrued on long-term debt for the year ended June 30, 2019 was \$34,857 and is included on the Statement of Activities under Other Program Services expenses.

9. 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, 2019

10. Restatement of Net Assets:

For the year ended June 30, 2018, accounts payable was overstated. As a result, the total net assets at June 30, 2018, have been restated as follows:

Total Net Assets at June 30, 2018, as previously reported	\$1,308,226
Prior period adjustment to Accounts Payable	<u>5,826</u>
Total Net Assets at June 30, 2018, as restated	<u>\$1,314,052</u>

11. Net Assets with Donor Restrictions:

At June 30, 2019, net assets with donor restrictions are restricted to the following:

	Scholarships and Awards	Endowments	Total
Balance at June 30, 2018	\$ (375,666)	\$ 1,852,855	\$ 1,477,189
Contributions	445,784	44,755	490,539
Fundraising	903,944	-	903,944
Investment Income	-	1,477	1,477
Other income/(expense)	121,898	37,137	159,035
Released from restriction	(1,819,926)	-	(1,819,926)
Balance at June 30, 2019	<u>\$ (723,966)</u>	<u>\$ 1,936,224</u>	<u>\$ 1,212,258</u>

At June 30, 2019, the portion of donor-restricted net assets consisting of endowments primarily established to support University athletic scholarships totaled \$1,936,224.

During the current fiscal year, the Foundation borrowed an additional \$400,100 for improvements to the University's baseball facilities. These facilities are owned by the University. The transfer of these funds to the University created a deficit in the portion of donor-restricted net assets not restricted for endowments. Management anticipates the deficit will be offset in future years as related contributions are received.

During the year ended June 30, 2019, net assets with donor restrictions were released from restrictions by incurring expenses satisfying the restrictions specified by donors as follows:

Equipment purchases	\$ 609,420
Marketing and promotions	112,339
Materials and supplies	323,467
Professional services	10,815
Scholarships	107,443
Transfers to NSU	28,073
Travel	202,409
Other program services expenses	299,218
Fundraising	126,064
Management and general	<u>678</u>
Total Restrictions Released	<u>\$1,819,926</u>

Demons Unlimited Foundation  
Notes to Financial Statements  
June 30, 2019

12. Lease Commitments:

At June 30, 2019, the Foundation was not obligated under any capital or operating lease commitments.

13. Risk Management/Contingencies:

Investments are made by diversified investment managers whose performance is monitored by the Foundation's executive committee. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation believes that the investment policies and guidelines are prudent for the long-term welfare of the Foundation. The Foundation believes concentration risk in the portfolio as it relates to credit, geography, and industry is mitigated by the investment policies of the Foundation and diversified approach taken by the investment managers.

14. Underwater Endowments:

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies exist in the donor-restricted endowment funds, which all combined have an original gift value of \$1,955,736, a current value of \$1,950,013, and a deficiency of \$5,723 as of June 30, 2019. These deficiencies resulted from unfavorable market fluctuations that occurred in May and June after earnings were withdrawn in early May, 2019. The Foundation withdrew \$76,545 from earnings in early May, 2019, which constituted 4% of the total investment account at the end of April, 2019, prior to market drops that resulted in decreases to the total accounts.

The Foundation has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

15. 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, 2019, the Foundation received the donated services in the amount of \$96,792 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.

16. Litigation:

There was no outstanding litigation against the Foundation at June 30, 2019.

Demons Unlimited Foundation  
Notes to Financial Statements  
June 30, 2019

17. 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.

18. Related Party Transactions:

During the year ended June 30, 2019, the University provided certain personnel services to the Foundation. The estimated value of these transactions for the year ended June 30, 2019 was \$64,742. In return, the Foundation solicits and manages funds for the benefit of the University.

19. 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, 2018, from which the summarized information was derived.

20. Recent Accounting Pronouncements:

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. This ASU is effective for the Foundation for the fiscal year ending June 30, 2020. The Foundation is currently evaluating the impact of this pronouncement on its financial statements.

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. This ASU is effective for the Foundation for the fiscal year ending June 30, 2021. The Foundation is currently evaluating the impact of this pronouncement on its financial statements.

Demons Unlimited Foundation  
Notes to Financial Statements  
June 30, 2019

20. Recent Accounting Pronouncements (continued):

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU is effective for the Foundation for the fiscal year ending June 30, 2020. The Foundation is currently evaluating the impact of this pronouncement on its financial statements.

21. Subsequent Events:

Management has evaluated subsequent events through August 30, 2019, the date which the financial statements were available to be issued, and determined that there were no subsequent events requiring disclosure.

## INTERNAL CONTROL AND COMPLIANCE

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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

Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA - A Professional Corporation  
Jessica H. Broadway, CPA - A Professional Corporation  
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

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, 2019, 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 30, 2019.

**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.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier  
*Certified Public Accountants*

August 30, 2019  
Natchitoches, Louisiana

Demons Unlimited Foundation  
Schedule of Audit Results  
For the Year Ended June 30, 2019

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, 2019.
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, 2019.

B. Financial Statement Findings

No matters were reported.

C. Prior Year Findings

No matters were reported.

AGREED UPON PROCEDURES

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
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321 Bienville Street  
Natchitoches, Louisiana 71457  
(318) 352-3652  
Fax (318) 352-4447

**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, 2019. 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 and the standards applicable to attestations contained in *Government Auditing Standards*. 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, 2019. 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, 2019, 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, 2019 was compared to prior period amounts. The total amount of \$1,022,330 was agreed to the supporting schedule provided by the Foundation. A sample of 39 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 13% (or \$151,256) decrease 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, 2019.

2. In-Kind contributions for the year ended June 30, 2019, were compared to the prior period amounts. The total amount of \$64,161 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 a decrease of \$16,131 (or 20%) 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, 2019 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 \$27,120 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 \$12,314 increase 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, 2019, were compared to the prior period amounts. The total amount of \$945,984 was agreed to the supporting schedule provided by the Foundation. A sample of 25 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 21% (or \$166,696) increase 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 \$73,387 for the year ended June 30, 2019 were compared to the prior year and agreed to supporting schedules provided by the Foundation. Total sports camp revenues were recalculated and compared to the amounts recorded in the general ledger.

We noted a \$5,459 increase in sports camp revenues compared to the previous year. 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, 2019, was compared to the prior period amounts. The total gain of \$116,919 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 a \$64,625 unrealized gain on investments and interest income of \$52,294 for the year ended June 30, 2019. 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, 2019 were compared to the prior year and agreed to supporting schedules provided by the Foundation. Related revenues of \$39,001 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, 2019 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, 2019 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 36% (or \$102,652) 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 \$179,204 were agreed to the supporting schedules and general ledger with no exceptions noted.

2. Guarantee expenses for the year ended June 30, 2019 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 \$18,911 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, 2019 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 \$292,563 for the year ended June 30, 2019 were compared and agreed to the general ledger.

We noted a 0.36% (or \$1,069) 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, 2019 was provided by the Foundation. The total was compared and agreed to the supporting schedule and the general ledger. One item was randomly selected and vouched to supporting documentation.

We noted a 31% (or \$8,646) decrease in support staff expenses compared to the prior year. The item sampled was vouched to supporting documentation provided by Demons Unlimited. Total expenses of \$19,225 was compared and agreed to the supporting schedule and general ledger with no exceptions identified.

5. Recruiting expenses for the year ended June 30, 2019 were compared to the prior year, recalculated, and agreed to the supporting schedule provided by the Foundation. Five 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 10% (or \$13,957) decrease 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 \$121,534 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, 2019 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. Three 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 \$10,851 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 \$61,600 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, 2019 was compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of five 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 \$1,095 (or 0.41%) 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 \$268,747 were compared and agreed to the supporting schedule and general ledger, with no exceptions noted.

8. Game expenses of \$29,147 for the year ended June 30, 2019 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 an \$8,306 increase 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 \$371,296 for the year ended June 30, 2019 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of 15 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 19% decrease 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 \$52,247 for the year ended June 30, 2019 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 an \$8,437 decrease 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 \$188,609 for the year ended June 30, 2019 were compared to the prior year and agreed to the supporting scheduled provided by the Foundation. One item was selected and vouched to supporting documentation. Total related expenses were compared and agreed to the general ledger.

Principal and interest expenses were vouched to supporting bank loan statements, with no exceptions noted. Total expenses in this category include principal payments made on long-term debt in the amount of \$154,109. Total expenses were compared and agreed to the supporting schedule and general ledger with no exceptions noted.

12. Direct overhead and administrative expenses of \$85,811 for the year ended June 30, 2019 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of three items was selected from the schedule and vouched to supporting documentation. Total related expenses were compared and agreed to the general ledger.

We noted an \$18,793 increase 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 \$119,444 for the year ended June 30, 2019 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of three 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 \$912 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 \$6,190 for the year ended June 30, 2019 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 a \$2,905 increase 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 \$28,899 for the year ended June 30, 2019 was agreed to the supporting schedule provided by the Foundation. A sample of two items were 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 \$9,838 increase in student athlete meals compared to the prior year. The selected items were 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 \$201,507 for the year ended June 30, 2019 was compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of eight 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 a \$6,186 decrease 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, 2019.

As a result of these procedures, we noted two meetings of the Foundation's board and one meeting of the Executive Committee during the year ended June 30, 2019.

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 and borrowing activity 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.

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.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier  
Certified Public Accountants

August 30, 2019  
Natchitoches, Louisiana

DEMONS UNLIMITED FOUNDATION  
NCAA STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- program Specific	Total
<b>REVENUES:</b>						
<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	132,478	66,481	28,241	449,697	345,433	1,022,330
In-Kind Contributions	18,650	8,600	112	24,413	12,386	64,161
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	1,995	156	99	24,870	0	27,120
Royalties, Advertisements and Sponsorships	20,250	5,000	3,000	37,500	880,234	945,984
Sports Camp Revenues	0	65,042	0	8,345	0	73,387
Endowment and Investment Income	0	0	0	0	116,919	116,919
Other Operating Revenue	0	0	0	100	38,901	39,001
<b>Total Operating Revenues</b>	<b>\$ 173,373</b>	<b>\$ 145,279</b>	<b>\$ 31,452</b>	<b>\$ 544,925</b>	<b>\$ 1,516,873</b>	<b>\$ 2,411,902</b>
<b>EXPENSES:</b>						
<u>Operating Expenses</u>						
Athletics Student Aid	\$ 61,019	\$ 15,778	\$ 7,397	\$ 94,886	\$ 124	\$ 179,204
Guarantees	0	0	0	18,911	0	18,911
Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	48,475	53,538	73,869	116,681	0	292,563
Coaching Other Compensation & Benefits paid by 3 <sup>rd</sup> Party	0	0	0	0	0	0
Support Staff/Administrative Salaries, Benefits and Bonuses paid by the University and Related Entities	3,000	1,760	0	0	14,465	19,225
Support Staff/Administrative Other Compensation & Benefits Paid by 3 <sup>rd</sup> Party	0	0	0	0	0	0
Severance Payments	0	0	0	0	0	0
Recruiting	49,007	20,590	8,126	42,955	856	121,534
Team Travel	3,653	12,927	126	44,894	0	61,600
Equipment, Uniform and Supplies	41,069	6,304	4,882	169,930	46,562	268,747
Game Expenses	10,919	1,695	1,375	15,158	0	29,147
Fund Raising, Marketing and Promotion	109,880	29,140	14,933	73,035	144,308	371,296

(Continued on next page)

DEMONS UNLIMITED FOUNDATION  
NCAA STATEMENT OF REVENUES AND EXPENSES (continued)  
FOR THE YEAR ENDED JUNE 30, 2019

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- program Specific	Total
Sports Camp Expenses	\$ 0	\$ 49,960	\$ 0	\$ 2,287	\$ 0	\$ 52,247
Spirit Groups	0	0	0	0	0	0
Athletic Facilities, Debt Service, Leases & Rental Fees	167,369	0	0	6,446	14,794	188,609
Direct Overhead & Admin Expenses	12,573	1,233	616	25,080	46,309	85,811
Indirect Institutional Support	0	0	0	0	0	0
Medical Expenses and Medical Insurance	13,258	160	0	2,726	103,300	119,444
Memberships and Dues	225	950	325	2,105	2,585	6,190
Student Athlete Meals	5,565	4,825	838	9,528	8,143	28,899
Other Operating Expenses	7,086	19,875	4,065	31,520	138,961	201,507
<b>Total Operating Expenses</b>	<b>\$ 533,098</b>	<b>\$ 218,735</b>	<b>\$ 116,552</b>	<b>\$ 656,142</b>	<b>\$ 520,407</b>	<b>\$ 2,044,934</b>
<b>EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<b><u>\$(359,725)</u></b>	<b><u>\$(73,456)</u></b>	<b><u>\$(85,100)</u></b>	<b><u>\$(111,217)</u></b>	<b><u>\$ 996,466</u></b>	<b><u>\$ 366,968</u></b>

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Reconciliation of NCAA Statement of Revenues & Expenses  
to Statement of Activities:

Excess of Revenues over Expenses as stated in NCAA Statement	\$ 366,968
Less: Capital Outlay Expenditures shown in Statement of Activities, but not reported in NCAA Statement of Revenues & Expenses	(581,905)
Add: Principal payment on loans not shown in Statement of Activities but reported in NCAA Statement of Revenues & Expenses	<u>154,109</u>
Change in Net Assets for period ending June 30, 2019	<u>\$ (60,828)</u>

DEMONS UNLIMITED FOUNDATION  
NOTES TO NCAA STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

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, 2019.

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 \$581,905 for facility improvements made during the year ended June 30, 2019 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, 2019:

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Amount Due</u> <u>in one Year</u>
Notes Payable -					
Bank of Montgomery	\$703,802	\$ 0	\$(131,846)	\$571,956	\$133,836
Exchange Bank-2014	22,263	0	(22,263)	0	0
Exchange Bank-2019	<u>0</u>	<u>400,100</u>	<u>0</u>	<u>400,100</u>	<u>93,613</u>
Total	<u>\$726,065</u>	<u>\$400,100</u>	<u>\$(154,109)</u>	<u>\$972,056</u>	<u>\$227,449</u>

The annual requirements to amortize all debt outstanding as of June 30, 2019, including interest payments, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$227,449	\$ 43,742	\$ 271,191
2021	237,685	33,507	271,192
2022	248,380	22,812	271,192
2023	<u>258,542</u>	<u>12,255</u>	<u>270,797</u>
Total	<u>\$972,056</u>	<u>\$112,316</u>	<u>\$1,084,372</u>