

L.S.U. AT EUNICE FOUNDATION, INC.

Eunice, Louisiana

FINANCIAL REPORT

Years Ended June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
L.S.U. at Eunice Foundation, Inc.
Eunice, Louisiana

We have audited the accompanying financial statements of L.S.U. at Eunice Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 L.S.U. at Eunice Foundation, Inc. (a nonprofit organization) as of June 30, 2019 and 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.

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of L.S.U. at Eunice Foundation, Inc.’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 L.S.U. at Eunice Foundation, Inc.’s internal control over financial reporting and compliance.

Dannall, Sikes, & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
December 18, 2019

L.S.U. AT EUNICE FOUNDATION, INC.

Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
ASSETS		
Current assets		
Pledges receivable, net	\$ 12,666	\$ -
Investments in L.S.U. Foundation managed assets, at market	<u>2,566,166</u>	<u>2,416,910</u>
Total current assets	2,578,832	2,416,910
Long-term pledges receivable, net	<u>337,334</u>	<u>-</u>
Total assets	<u><u>\$2,916,166</u></u>	<u><u>\$2,416,910</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Portion of Long-Term Debt	\$ 16,133	\$ -
Long-Term Debt, net of current portion	<u>483,867</u>	<u>20,000</u>
Total liabilities	<u>500,000</u>	<u>20,000</u>
NET ASSETS		
Without Donor Restrictions	\$ 612,039	\$ 747,413
With Donor Restrictions	<u>1,804,127</u>	<u>1,649,497</u>
Total net assets	<u>2,416,166</u>	<u>2,396,910</u>
Total liabilities and net assets	<u><u>\$2,916,166</u></u>	<u><u>\$2,416,910</u></u>

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

L.S.U. AT EUNICE FOUNDATION, INC.

Statements of Activities
Years Ended June 30, 2019 and 2018

	Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Changes in Net Assets:</u>			
Revenue:			
Contributions	\$ 403,638	\$ 243,380	\$ 647,018
Fundraising	141,708	-	141,708
Investment earnings	31,123	73,685	104,808
Net realized and unrealized gains on investments	39,308	(48,514)	(9,206)
Net assets released from restrictions	<u>113,921</u>	<u>(113,921)</u>	<u>-</u>
Total revenues, gains, and reclassifications	<u>729,698</u>	<u>154,630</u>	<u>884,328</u>
Expenses:			
<u>Program Services</u>			
Scholarships	52,500	-	52,500
Support to LSUE	<u>744,260</u>	<u>-</u>	<u>744,260</u>
Total program services	<u>796,760</u>	<u>-</u>	<u>796,760</u>
<u>Supporting Services</u>			
Management and General	41,845	-	41,845
Fundraising	<u>26,467</u>	<u>-</u>	<u>26,467</u>
Total supporting services	<u>68,312</u>	<u>-</u>	<u>68,312</u>
Total expenses	<u>865,072</u>	<u>-</u>	<u>865,072</u>
Change in net assets	(135,374)	154,630	19,256
Net assets, beginning of year	<u>747,413</u>	<u>1,649,497</u>	<u>2,396,910</u>
Net assets, end of year	<u>\$ 612,039</u>	<u>\$ 1,804,127</u>	<u>\$ 2,416,166</u>

Year Ended June 30, 2018

Without Donor Restrictions	With Donor Restrictions	Total
\$ 226,525	\$ 46,596	\$ 273,121
91,574	-	91,574
29,401	64,888	94,289
12,400	69,641	82,041
<u>142,323</u>	<u>(142,323)</u>	<u>-</u>
<u>502,223</u>	<u>38,802</u>	<u>541,025</u>
49,080	-	49,080
<u>286,880</u>	<u>-</u>	<u>286,880</u>
<u>335,960</u>	<u>-</u>	<u>335,960</u>
67,490	-	67,490
<u>24,927</u>	<u>-</u>	<u>24,927</u>
<u>92,417</u>	<u>-</u>	<u>92,417</u>
<u>428,377</u>	<u>-</u>	<u>428,377</u>
73,846	38,802	112,648
<u>673,567</u>	<u>1,610,695</u>	<u>2,284,262</u>
<u>\$ 747,413</u>	<u>\$ 1,649,497</u>	<u>\$ 2,396,910</u>

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

L.S.U. AT EUNICE FOUNDATION, INC.

Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services			Supporting Services			2019 Total
	Scholarships	Direct Support to LSUE	Total Program Services	Management and General	Fundraising	Total Supporting Services	
EXPENSES:							
Fellowships	-	128,639	128,639	-	-	-	128,639
Terminal pay	-	28,261	28,261	-	-	-	28,261
Travel	-	13,950	13,950	-	1,581	1,581	15,531
Operating services	-	19,978	19,978	34,519	3,975	38,494	58,472
Operating supplies	-	25,920	25,920	725	1,289	2,014	27,934
Professional services	-	-	-	1,016	5,750	6,766	6,766
Other charges	-	3,237	3,237	5,585	13,872	19,457	22,694
Student scholarships	52,500	-	52,500	-	-	-	52,500
Athletic facilities	-	487,617	487,617	-	-	-	487,617
Equipment/acquisitions	-	36,658	36,658	-	-	-	36,658
Total expenses	<u>52,500</u>	<u>744,260</u>	<u>796,760</u>	<u>41,845</u>	<u>26,467</u>	<u>68,312</u>	<u>865,072</u>

L.S.U. AT EUNICE FOUNDATION, INC.

Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services			Supporting Services		2018 Total	
	Scholarships	Direct Support to LSUE	Total Program Services	Management and General	Fundraising		Total Supporting Services
EXPENSES:							
Fellowships	-	129,277	129,277	-	-	-	129,277
Terminal pay	-	27,604	27,604	-	-	-	27,604
Travel	-	17,067	17,067	-	755	755	17,822
Operating services	-	24,319	24,319	44,646	825	45,471	69,790
Operating supplies	-	31,101	31,101	4,804	550	5,354	36,455
Professional services	-	7,549	7,549	3,530	3,325	6,855	14,404
Other charges	-	4,509	4,509	14,510	19,472	33,982	38,491
Student scholarships	49,080	-	49,080	-	-	-	49,080
Athletic facilities	-	18,169	18,169	-	-	-	18,169
Equipment/acquisitions	-	27,285	27,285	-	-	-	27,285
Total expenses	<u>49,080</u>	<u>286,880</u>	<u>335,960</u>	<u>67,490</u>	<u>24,927</u>	<u>92,417</u>	<u>428,377</u>

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

L.S.U. AT EUNICE FOUNDATION, INC.

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 19,256	\$ 112,648
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Net Realized and unrealized (gain) on investments	<u>9,206</u>	<u>(82,041)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>28,462</u>	<u>30,607</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(788,726)	(364,695)
Reinvestment of investment earnings	(104,808)	(94,289)
Withdrawal of investments	<u>865,072</u>	<u>428,377</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(28,462)</u>	<u>(30,607)</u>
NET INCREASE IN CASH	-	-
CASH AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

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

L.S.U. AT EUNICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The L.S.U. at Eunice Foundation, Inc. is a non-profit corporation formed to promote the educational cultural welfare of Louisiana State University at Eunice by accepting gifts for the purpose of providing scholarships, aiding research or such other designated projects for the benefit of the University.

Basis of Accounting

The Foundation uses 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.

Basis of Presentation

The Foundation has adopted FASB Financial Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for 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 without donor restrictions are resources available to support operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources 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.

Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Foundation is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made.

L.S.U. AT EUNICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

However, should the Foundation engage in activities unrelated to its exempt purpose, taxable income could result. The Foundation had no material unrelated business income for the fiscal years audited.

The Foundation elected the provisions of FASB ASC 740-10. It has not adopted any uncertain tax positions with respect to those amounts reported in its fiscal years ended June 30, 2019 and 2018 financial statements.

The Organization's income tax filings are subject to audit by various taxing authorities.

Functional Allocation of Expenses

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

Subsequent Events

Management has evaluated subsequent events through December 18, 2019, the date the financial statements were available.

Change in Accounting Principle

FASB issued ASU No. 2016-14, "Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities" in 2016. The ASU 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. The Organization adopted ASU 2016-14 during the fiscal year ended June 30, 2019. The adoption of ASU 2016-14 had no impact on the Organization's total net assets.

Contributions

Contributions received are recorded as support with or without donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets with donor restrictions are reclassified to net assets without donor restrictions, as appropriate, and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Pledges Receivable

Pledges receivable are unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at their 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 only when the conditions on which they depend are substantially met and the promises become unconditional. In the opinion of management, all unconditional promises to give were considered to be collectible and an allowance for uncollectible promises to give was not considered necessary.

L.S.U. AT EUNICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 2 AVAILABILITY AND 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.

The Foundation does not consider assets including principal of investments to be available for general expenditure. Principal balances on investments are restricted by donor intent.

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

<u>Financial assets at year end:</u>	
Investment securities, at market	\$ 2,566,166
Total financial assets	<u>2,566,166</u>
Less: those unavailable for general expenditures: within one year, due to:	
Principal of Investments	\$ 1,804,127
Restricted for debt repayment	<u>37,320</u>
	\$ <u>1,841,447</u>
Total financial assets available to meet general expenditures over the next twelve months	\$ <u><u>724,719</u></u>

NOTE 3 INVESTMENTS IN L.S.U. FOUNDATION MANAGED ASSETS

The Foundation entered into a management agreement with the L.S.U. Foundation whereby the L.S.U. Foundation shall hold funds on behalf of the Foundation solely for the purpose of investing the funds. The L.S.U. Foundation may assess its standard service fees annually to cover its administrative costs. The agreement shall remain in effect until 180-day written notice is given by either party to the other party.

Investments held by the L.S.U. Foundation on behalf of the Foundation are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities.

L.S.U. AT EUNICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 3 INVESTMENTS IN L.S.U. FOUNDATION MANAGED ASSETS (Continued)

Investment in L.S.U. Foundation managed assets consisted of the following as of June 30:

	2019		2018	
	Cost	Market Value	Cost	Market Value
Unrestricted	\$ 771,302	\$ 762,039	\$ 785,015	\$ 767,413
Permanently Restricted	<u>1,454,935</u>	<u>1,804,127</u>	<u>1,314,571</u>	<u>1,649,497</u>
	<u>\$2,226,237</u>	<u>\$2,566,166</u>	<u>\$2,099,586</u>	<u>\$2,416,910</u>

Fair Values of Financial Instruments

The Foundation adopted FASB Accounting Standards Codification Topic 820, “Fair Value Measurements (Topic 820).” Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements.

These levels are:

- Level 1 -inputs are based upon adjusted quoted prices for identical instruments traded in active markets.
- Level 2 -inputs are based upon quoted prices for similar instruments 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 or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3 -inputs are generally unobservable and typically reflect management’s estimate of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Fair Value of Assets Measured on a Recurring Basis

The Foundation’s investments in securities with readily determinable fair values are recorded at fair value based on quoted market prices. For those investments, where quoted prices are unavailable, management estimates fair value based on quoted prices for similar instruments with consideration of actively quoted interest rates, credit ratings and spreads, prepayment models, and collateral data. The Foundation utilizes several externally managed funds of funds for private equity, venture capital, and hedge funds, and with these types of investments, quoted prices are often unavailable, and pricing inputs are generally unobservable. The Foundation relies on the valuation procedures and methodologies of the external managers hired specifically to invest in such securities or in strategies which employ such securities. The application of those valuation procedures and methodologies are borne out in each manager’s FASB ASC 820 compliant annual audited financial statements and were monitored through the L.S.U. Foundation’s reporting periods ended June 30, 2019 and 2018.

L.S.U. AT EUNICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 3 INVESTMENTS IN L.S.U. FOUNDATION MANAGED ASSETS (Continued)

The following tables present the fair value at June 30, 2019 and 2018, for each of the fair-value hierarchy levels, the Foundation's portion of the pooled financial assets and liabilities that are measured at fair value on a recurring basis as managed by the L.S.U. Foundation.

	2019			Totals
	Level 1	Level 2	Level 3	
Government/Agency Obligations	\$ -	\$ 214,047	\$ -	\$ 214,047
Corporate Obligations	-	210,725	-	210,725
Common stock	15,946	-	-	15,946
Municipal Bonds	-	77,309	-	77,309
Mutual Funds	594,506	-	-	594,506
Trust Funds Held by Agent	12,973	-	-	12,973
Royalty interests	-	-	672	672
Beneficial Interest in Split Interest Agreements	-	-	7,417	7,417
Total	<u>\$ 623,425</u>	<u>\$ 502,081</u>	<u>\$ 8,089</u>	
Commingled funds (including hedge funds measured at net asset value (a))				925,239
Private market investments measured at net asset value (a)				307,930
Other investments measured at net asset value (a)				199,402
				<u>\$ 2,566,166</u>

(a) - In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts present in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

	2018			Totals
	Level 1	Level 2	Level 3	
Government/Agency Obligations	\$ -	\$ 174,017	\$ -	\$ 174,017
Corporate Obligations	-	188,811	-	188,811
Common stock	11,966	-	-	11,966
Municipal Bonds	-	84,432	-	84,432
Mutual Funds	794,541	-	-	794,541
Trust Funds Held by Agent	1,409	-	-	1,409
Royalty interests	-	-	672	672
Beneficial Interest in Split Interest Agreements	-	-	9,528	9,528
Total	<u>\$ 807,916</u>	<u>\$ 447,260</u>	<u>\$ 10,200</u>	
Commingled funds (including hedge funds measured at net asset value (a))				752,140
Private market investments measured at net asset value (a)				234,170
Other investments measured at net asset value (a)				165,224
				<u>\$ 2,416,910</u>

(a) - In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts present in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

L.S.U. AT EUNICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 3 INVESTMENTS IN L.S.U. FOUNDATION MANAGED ASSETS (Continued)

The following tables present the nature, characteristics and risks, at June 30, 2019 and 2018, of Level 3 investments measured at net asset value and whether the investments, if sold, are probable of being sold at amounts different from net asset value per share or its equivalent:

	2019			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Funds	\$ 638,367	\$ -	quarterly or less	< 90 days
Hedge Funds:				
Long/short equity	11,109	-	longer than quarterly	< 90 days
Long/short equity	12,052	-	quarterly or less	< 90 days
Relative Value	-	-	longer than quarterly	< 90 days
Event driven	87,545	-	longer than quarterly	< 90 days
Credit	39,400	-	longer than quarterly	>90 days
Credit	-	-	quarterly or less	< 90 days
Multi-strategy	60,469	-	longer than quarterly	< 90 days
Multi-strategy	<u>76,297</u>	-	quarterly or less	< 90 days
Total commingled and hedge funds	925,239			
Private markets	307,930	150,777		
Other	<u>199,403</u>	<u>-</u>	quarterly or less	< 90 days
Total	<u>\$ 1,432,572</u>	<u>\$ 150,777</u>		

L.S.U. AT EUNICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 3 INVESTMENTS IN L.S.U. FOUNDATION MANAGED ASSETS (Continued)

	2018			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Funds	\$ 428,053	\$ -	quarterly or less	< 90 days
Hedge Funds:				
Long/short equity	11,157	-	longer than quarterly	< 90 days
Long/short equity	11,677	-	quarterly or less	< 90 days
Relative Value	255	-	longer than quarterly	< 90 days
Event driven	85,573	-	longer than quarterly	< 90 days
Credit	42,423	-	longer than quarterly	>90 days
Credit	-	-	longer than quarterly	> 90days
Credit	26	-	quarterly or less	< 90 days
Multi-strategy	62,191	-	longer than quarterly	< 90 days
Multi-strategy	<u>110,785</u>	-	quarterly or less	< 90 days
		<u>-</u>	longer than quarterly	< 90 days
Total commingled and hedge funds	752,140			
Private markets	234,170	179,567		
Other	<u>165,224</u>	<u>-</u>	quarterly or less	< 90 days
Total	<u>\$ 1,151,534</u>	<u>\$ 179,567</u>		

The following table presents the changes in fair value in Level 3 instruments that are measured at fair value on a recurring basis for the years ended June 30, 2019 and 2018.

Balance - June 30, 2017	\$ 12,663
Purchases/capital calls/receipts	(2,392)
Sales	(272)
Unrealized gains (losses)	201
Realized gains (losses)	<u>-</u>
Balance - June 30, 2018	10,200
Purchases/capital calls/receipts	-
Sales	(2,943)
Unrealized gains (losses)	452
Realized gains (losses)	<u>379</u>
Balance - June 30, 2019	<u>\$ 8,088</u>

Fair Value of Assets Measured on a Nonrecurring Basis

The Foundation had no material assets or liabilities measured at fair value on a nonrecurring basis as of June 30, 2019.

L.S.U. AT EUNICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 4 UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2019 were as follows:

	<u>2019</u>
Promises to give expected to be collected in:	
Less than one year	\$ 3,333
One to five years	46,667
More that five years	<u>300,000</u>
	350,000
Less discount on promises to give	(23,054)
Less allowance for uncollectible accounts	<u>-</u>
Net unconditional promises to give	<u>\$ 326,946</u>

The discount rate used in discounting unconditional promises to give was 1.67% as of June 30, 2019.

NOTE 5 LONG-TERM DEBT

LSUE Foundation entered into a multiple advance loan agreement for the purpose of financing the construction of a soccer facility on behalf of Louisiana State University at Eunice. The note is dated June 15, 2018 in the principal amount of \$500,000, bearing a variable interest rate, currently at 4.23% per annum. There are 12 interest only payments scheduled to commence on July 15, 2018 followed by 108 principal and interest payments of \$3,110, beginning July 15, 2019, and 131 principal and interest payments of \$3,104, beginning July 28, 2028. As of June 30, 2019, amounts drawn on the note totaled \$500,000.

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

Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amount Due in One Year
<u>\$ 20,000</u>	<u>\$ 480,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 16,133</u>

The annual requirements to amortize all debt transactions for the year ended June 30, 2019, including interest expense are as follows:

Year Ending June 30	Principal	Interest	Total
2020	\$ 16,133	\$ 21,187	\$ 37,320
2021	16,896	20,424	37,320
2022	17,636	19,684	37,320
2023	18,407	18,913	37,320
2024	19,162	18,158	37,320
Thereafter	<u>411,766</u>	<u>158,020</u>	<u>569,786</u>
Total	<u>\$ 500,000</u>	<u>\$ 256,386</u>	<u>\$ 756,386</u>

Total interest expense totaled \$10,722 for the year ended June 30, 2019.

L.S.U. AT EUNICE FOUNDATION, INC.

Notes to Financial Statements

NOTE 6 RESTRICTIONS ON NET ASSETS

Permanently restricted net assets consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Endowment funds	<u>\$1,804,127</u>	<u>\$1,649,497</u>

NOTE 7 COMMITMENTS AND CONTINGENCIES

Grants, bequests, and endowments require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions, or in the case of endowments, failure to continue to fulfill them, could result in the return of the funds to grantors. Although that is a possibility, the Board deems the contingency remote, since by accepting the grants and their terms, it has accommodated the objectives of the organization to the provisions of the grant.

NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets, derived from reserved earnings of endowment funds, were released from restrictions, in the amount of \$113,921 and \$142,323, for the years ended June 30, 2019 and 2018, respectively, in order to meet spending requirements.

NOTE 9 COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

LSUE Foundation provides no compensation or other payments to employees derived from public sources of funding.

ADDITIONAL INFORMATION



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 *Governmental Auditing Standards*

To the Board of Directors
L.S.U. at Eunice Foundation, Inc.
Eunice, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of L.S.U. at Eunice Foundation, Inc. (a nonprofit organization), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise L.S.U. at Eunice Foundation, Inc.'s basic financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered L.S.U. at Eunice Foundation, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of considered L.S.U. at Eunice Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness L.S.U. at Eunice Foundation, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material 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 L.S.U. at Eunice Foundation, Inc.'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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than those specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document, therefore its distribution is not limited.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana
December 18, 2019

L.S.U. AT EUNICE FOUNDATION, INC.

Schedule of Findings and Responses
Year Ended June 30, 2019

Part I Summary of auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on L.S.U. at Eunice Foundation, Inc.'s financial statements as of and for the year ended June 30, 2019.

Deficiencies and Material Weaknesses in Internal Control– Financial Reporting

There were no deficiencies or material weaknesses in internal control noted during the audit of the financial statements.

Material Noncompliance or Other Matters – Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2019.

Part II Findings relating to an Audit in Accordance with *Government Auditing Standards*

There were no reportable conditions or instances of material noncompliance noted during the audit.

Part III Findings and Questioned Costs Relating to Federal Programs

At June 30, 2019, L.S.U. at Eunice Foundation, Inc. did not meet the requirements to have a single audit in accordance with OMB Uniform Guidance; therefore, this section is not applicable.

Part IV Management Letter

The auditor did not issue a management letter this year.

L.S.U. AT EUNICE FOUNDATION, INC.

Summary Schedule of Prior Year Findings
Year Ended June 30, 2019

There were no prior year findings.

L.S.U. AT EUNICE FOUNDATION, INC.

Management's Corrective Action Plan
Year Ended June 30, 2019

No current year findings were noted, therefore, no response is deemed necessary.