UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidated Financial Statements and Schedules

December 31, 2016

With Independent Auditors' Report Thereon

P&N Postlethwaite & Netterville

A Professional Accounting Corporation

www.pncpa.com

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Associated Offices in Principal Cities of the United States
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
University of New Orleans Foundation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the University of New Orleans Foundation, (a nonprofit organization) (the Foundation) and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated statements of financial position of the University of New Orleans Foundation as of December 31, 2016 and 2015, and the consolidated statements of activities and changes in its net assets and its consolidated statements of cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 24 through 31 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations. The supplementary information included in Schedules 1 through 3 on pages 33 through 35 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2017, on our consideration of the Foundation's internal control over financial reporting and 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 the 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 Foundation's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
June 21, 2017

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidated Statements of Financial Position

As of December 31, 2016 and 2015

Assets

	2016	2015
Current assets:		
Cash and cash equivalents (Note 1 and 13)	$ 1,494,961	$ 1,483,332
Investments (Note 2 and 11)	1,243,614	1,119,949
Restricted assets:		
Cash and cash equivalents (Note 1)	1,232,235	1,545,010
Unconditional promises to give, net (Note 3)	438,475	131,585
Accounts receivable	614,805	437,168
Contributions receivable	211,968	320,537
Grants receivable	-	225,140
Real estate held for sale, net (Note 4)	588,341	-
Deferred charges and prepaid expenses	54,748	37,925
Total current assets	5,879,147	5,300,646
Noncurrent assets:		
Restricted assets:		
Investments (Note 2, 11, and 12)	73,033,243	69,884,297
Unconditional promises to give, net (Note 3)	72,931	76,860
Real estate, net (Note 4)	9,116,749	9,296,105
Other noncurrent assets	163,403	165,288
Total noncurrent assets	82,386,326	79,422,550
Total assets	$ 88,265,473	$ 84,723,196

Liabilities and Net Assets

	2016	2015
Current liabilities:		
Accounts payable and accrued liabilities	$ 1,737,912	$ 1,697,484
Amounts held in custody for others (Note 10)	925,882	738,760
Current portion of bonds payable (Note 6)	-	188,000
Other current liabilities - due to University (Note 10)	309,849	390,044
Total current liabilities	2,973,643	3,014,288
Noncurrent liabilities:		
Amounts invested for others (Note 8 and 12)	19,776,860	18,951,873
Total noncurrent liabilities	19,776,860	18,951,873
Total liabilities	22,750,503	21,966,161
Net assets:		
Unrestricted	10,398,598	9,756,523
Temporarily restricted (Note 7 and 12)	23,788,485	22,331,309
Permanently restricted (Note 7 and 12)	31,327,887	30,669,203
Total net assets	65,514,970	62,757,035
Total liabilities and net assets	$ 88,265,473	$ 84,723,196

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

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidated Statements of Activities and Changes in Net Assets

For the years ended ended December 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue:								
Contributions	$ 454,683	$ 2,465,718	$ 527,643	$ 3,448,044	$ 442,810	$ 2,391,197	$ 389,592	$ 3,223,599
Grants	-	-	-	-	272,132	-	-	272,132
Investment income (loss), net (Note 2)	606,976	3,223,165	(838)	3,829,303	(326,265)	(216,796)	5,626	(537,435)
Service fees (Note 1)	862,863	254,356	6,129	1,123,348	871,005	225,219	4,695	1,100,919
Rental income	1,789,843	-	-	1,789,843	1,743,773	-	-	1,743,773
Gain on insurance proceeds	458,429	-	-	458,429	-	-	-	-
Other income	542,677	-	-	542,677	7,407	-	-	7,407
Total support and revenue before net assets released from restrictions/transferred	4,715,471	5,943,239	532,934	11,191,644	3,010,862	2,399,620	399,913	5,810,395
Net assets released from restrictions/transferred:								
Net assets released from restrictions	4,360,313	(4,360,313)	-	-	4,404,772	(4,404,772)	-	-
Transfers	-	(125,750)	125,750	-	-	-	-	-
Total net assets released/transferred	4,360,313	(4,486,063)	125,750	-	4,404,772	(4,404,772)	-	-
Total revenue and support	9,075,784	1,457,176	658,684	11,191,644	7,415,634	(2,005,152)	399,913	5,810,395
Expenses:								
Program support (Note 9)	5,552,469	-	-	5,552,469	7,151,127	-	-	7,151,127
Property operations (Note 9)	675,780	-	-	675,780	566,662	-	-	566,662
Dues and subscriptions	30,235	-	-	30,235	34,887	-	-	34,887
Meetings	7,042	-	-	7,042	5,245	-	-	5,245
Travel	4,638	-	-	4,638	3,205	-	-	3,205
Office operations	77,204	-	-	77,204	92,573	-	-	92,573
Professional services	409,816	-	-	409,816	442,128	-	-	442,128
Related party staffing services	1,272,618	-	-	1,272,618	1,310,213	-	-	1,310,213
Depreciation and amortization	403,907	-	-	403,907	327,185	-	-	327,185
Total expenses	8,433,709	-	-	8,433,709	9,933,225	-	-	9,933,225
Change in net assets	642,075	1,457,176	658,684	2,757,935	(2,517,591)	(2,005,152)	399,913	(4,122,830)
Net assets at beginning of year	9,756,523	22,331,309	30,669,203	62,757,035	12,274,114	24,336,461	30,269,290	66,879,865
Net assets at end of year	$ 10,398,598	$ 23,788,485	$ 31,327,887	$ 65,514,970	$ 9,756,523	$ 22,331,309	$ 30,669,203	$ 62,757,035

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

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidated Statements of Cash Flows

For the years ended December 31, 2016 and 2015

		2016		2015
Cash flows from operating activities:				
Change in net assets	$	2,757,935	$	(4,122,830)
Adjustments to reconcile change in net assets to cash flows from operating activities:				
Depreciation and amortization		403,907		327,185
Realized gain on investments, net		(314,584)		(493,254)
Unrealized (gain) loss on investments, net		(2,519,525)		1,874,663
Restricted long-term contributions pledged		(539,737)		(129,627)
Recovery of bad debt expense		80,075		(43,820)
Changes in assets and liabilities:				
Accounts, contributions, grants, and notes receivable		156,072		598,494
Other assets		(16,444)		(1,901)
Accounts payable, accrued liabilities, and other liabilities		147,355		(764,193)
Net cash provided by (used in) operating activities		155,054		(2,755,283)
Cash flows from investing activities:				
Capitalized costs of improvements to real estate, property, and equipment		(811,386)		(164,165)
(Purchases) Sales of investments, net		(438,501)		4,203,764
Change in amounts invested for others - noncurrent, net		824,987		(588,052)
Net cash provided by (used in) investing activities		(424,900)		3,451,547
Cash flows from financing activities:				
Collections of contributions restricted for long-term purposes		156,700		318,234
Repayment of bonds payable and capital lease obligation		(188,000)		(179,000)
Net cash provided by (used in) financing activities		(31,300)		139,234
Change in cash and cash equivalents		(301,146)		835,498
Cash and cash equivalents including restricted cash at beginning of year		3,028,342		2,192,844
Cash and cash equivalents including restricted cash at end of year	$	2,727,196	$	3,028,342
Composition of cash and cash equivalents:				
Unrestricted - cash and cash equivalents	$	1,494,961	$	1,483,332
Restricted - cash and cash equivalents		1,232,235		1,545,010
	$	2,727,196	$	3,028,342
SUPPLEMENTAL NON-CASH FLOW DISCLOSURE:				
Cash paid during the year for interest	$	3,935	$	7,682

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

(1) Summary of Significant Accounting Policies

(a) History and Organization

The University of New Orleans Foundation (the Foundation), a registered non-profit corporation in Louisiana, was established in 1984 with a mission of serving the University of New Orleans (the University) by raising private sector funds for the advancement of the University. During the year ended December 31, 2013, the Foundation created three wholly owned subsidiaries, University of New Orleans Foundation Real Estate Company, L.L.C. (UNOFREC), University of New Orleans Foundation Working Interest, L.L.C. (UNOFWI), and University of New Orleans Foundation Royalty Company, L.L.C. (UNOFRC), (collectively, the Foundation), which are disregarded entities for income tax purposes. The purpose of the subsidiaries is to receive and hold funds and property for the advancement of the University.

The consolidated financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The consolidated financial statements include the financial statements of the Foundation and its three wholly-owned controlled subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The significant accounting policies followed in the preparation of the accompanying consolidated financial statements are described below.

(b) Financial Statement Presentation

The Foundation follows the provisions for not-for-profit organizations and includes three basic consolidated financial statements and the classifications of resources into three separate classes of net assets as follows:

- Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time.
- Permanently restricted net assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Foundation pursuant to those stipulations.

(c) Cash and Cash Equivalents

For the purposes of the Consolidated Statement of Cash Flows, the Foundation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

(d) Unconditional Promises to Give

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 their 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. An allowance for doubtful accounts has been established based on management's assessment of collectability.

(1) Summary of Significant Accounting Policies (continued)

(e) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated statement of financial position. Income or loss on investments, including realized and unrealized gains and losses on investments, interest and dividends, are allocated ratably to the participating funds. Investment gains on restricted net assets are classified consistent with the related investment income unless specific donor or legal restrictions dictate otherwise.

Realized gains and losses, and declines in value judged to be other than temporary, are included in net appreciation (depreciation) of investments. Realized gains and losses on the sales of securities are determined using the specific-identification method. A decline in the fair value of investments below cost that is deemed to be other temporary results in a charge to change in net assets and the establishment of a new cost basis for the investment.

In accordance with Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820), the Foundation does not categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient.

(f) Real Estate

Real estate is held for investment, development, or sale purposes and is recorded at cost or fair market value on the date acquired. Depreciation of real estate (excluding land) is calculated on the straight-line basis ranging from 5 years to 20 years for improvements and equipment, and ranging from 20 years to 40 years for buildings.

(g) Property and Equipment

Assets acquired are stated at cost, net of accumulated depreciation. Assets donated are carried at fair market value on the date of donation, net of accumulated depreciation. Depreciation of property, furnishings, and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis ranging from 3 years to 7 years for vehicles and equipment.

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

(h) Impairment of Long-Lived Assets

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset.

Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

(1) Summary of Significant Accounting Policies (continued)

(i) Amounts Invested for Others and Amounts Held for Others

Amounts invested for others represent funds held in trust for others. These amounts are not owned by the Foundation (see Note 8). The Foundation considers unexpended income from these funds as amounts invested for others. In addition, the Foundation administers the financial assets and maintains the financial records of other entities affiliated with the University, which are amounts held for others and not owned by the Foundation (see Note 10).

(j) Restricted and Unrestricted Revenue

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Service fee revenue primarily relates to fees earned by the Foundation for managing the endowments on behalf of the University. Service fee revenue is recognized on a quarterly basis as a percentage of the endowment balances.

Rental income from operating leases is recognized over the terms of the related leases. Recoveries from tenants for operating expenses are recognized as revenues in the period the corresponding costs are incurred.

(k) Fundraising Expenses

All expenses associated with fundraising activities are expensed as incurred, including any expenses related to fundraising appeals in a subsequent year. Total supporting services expenses related to fundraising for the years ended December 31, 2016 and 2015 was $897,671 and $899,725, respectively.

(l) Income Taxes

Income taxes have not been provided for in the consolidated financial statements as the Foundation was organized as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and is, therefore, of tax exempt status. Income taxes have not been provided for the three LLCs. Based on review of the entities where the Foundation has an ownership interest, management has determined that no tax expense or tax liability as of December 31, 2016 and 2015 should be provided for in the consolidated financial statements.

(1) Summary of Significant Accounting Policies (continued)

(l) Income Taxes (continued)

The Foundation applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Foundation has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities. Therefore, the implementation of this standard has not had a material effect on the Foundation.

(m) Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, the valuation of fixed assets, and investments.

(n) Art Collections

In accordance with ASC 958-360-25-3, the Foundation has chosen to not capitalize collections and works of art. Due to the Foundation's policy on not capitalizing art collections, the Foundation has not recorded an amount for the art in the consolidated financial statements.

(o) Reclassifications

Certain amounts in the 2015 financial statements have been reclassed to conform to 2016 reporting.

(p) Recent Accounting Pronouncements

In February 2016, FASB issued ASU No. 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. This ASU is effective for fiscal years beginning after December 15, 2019. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14. Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This ASU is effective for fiscal years beginning after December 15, 2017. Early application of the standard is permitted. The Foundation is currently assessing the impact of this pronouncement on the financial statements.

(2) Investments

Investments are reported in the accompanying consolidated statement of financial position as current investments of $1,243,614 and $1,119,949 and noncurrent investments of $73,033,243 and $69,884,297 at December 31, 2016 and December 31, 2015, totaling $74,276,857 and $71,004,246, respectively.

The composition of investments, stated at fair value, at December 31, was as follows:

	2016	2015
Fixed income bonds	$ 72	$ 70
Domestic equity securities	3,756,335	1,477,521
International equity securities	1,594,926	1,574,367
Mutual funds	61,479,035	60,714,858
Oil and gas interests	94,204	95,561
Land	3,179,182	3,212,512
Hedge fund of funds	4,173,103	3,929,357
	$ 74,276,857	$ 71,004,246

Investment income (loss) is reported net of investment expenses in the accompanying consolidated financial statements. Net investment income (loss) consisted of the following for the years ended December 31, 2016 and 2015:

	2016	2015
Interest and dividends	$ 1,105,675	$ 957,130
Realized gains	314,584	493,254
Unrealized gains (losses), net	2,519,525	(1,874,663)
Investment related expenses	(110,481)	(113,156)
	$ 3,829,303	$ (537,435)

(3) Unconditional Promises to Give

Unconditional promises to give are included in the consolidated financial statements as unconditional promises to give and revenue of the appropriate net asset categories based on donor restrictions.

As of December 31, 2016 and 2015, unconditional promises to give were expected to be realized in the following periods:

	2016	2015
In one year or less- current	$ 515,853	$ 131,585
Between one year and five years	80,924	101,708
In five years or more	22,500	35,133
Less: Present value discount (5%)	(17,623)	(23,197)
Less: Allowances for uncollectible pledges	(90,248)	(36,784)
Promises to give, net	$ 511,406	$ 208,445

(3) Unconditional Promises to Give (continued)

Unconditional promises to give have the following restrictions:

	2016	2015
Unrestricted	$ 50,593	$ 32,078
Temporarily restricted by donor imposed stipulations for university programs, activities, and building construction	342,480	124,075
Endowment for university programs and activities	188,333	52,292
	$ 511,406	$ 208,445

(4) Real Estate

As of December 31, 2016 and 2015, the Foundation held several real estate properties totaling $9,705,090 and $9,296,105 respectively, these balances are net of $2,565,276 and $2,162,875 in accumulated depreciation.

In July 2001, the Foundation purchased from a private company a 108,000 square foot building in support of the University of New Orleans film program and designated the building as the Robert & Jeri Nims Center for Entertainment Arts and Multi-Media Technology (the "Nims Center") in honor of its primary benefactor. The property was purchased for approximately $1.8 million, which was entirely financed through the issuance of bonds (see Note 6). The Foundation has entered into a cooperative endeavor agreement with the University, whereby the University reimburses the Foundation approximately $200,000 annually for the use of the Nims Center from July 1, 2000 through June 30, 2016.

During fiscal year 2012, the Foundation purchased the property for the UNO President's official residence. The residence is being leased to the University for $1 per year for 30 years. The purchase of the property was internally financed through a Board approved loan of $619,995 from the Foundation's general endowment funds to the unrestricted fund, which bears interest at a fixed rate of 4% and is being paid in monthly installments of principal and interest totaling $2,946 over a thirty year period. Fifty percent of the annual cost of the principal and interest of approximately $35,000 is received from University of New Orleans Research and Technology Foundation, Inc. (the "R&T"), an affiliated entity. This property is currently held for sale and is no longer being depreciated.

During fiscal year 2016, the Foundation purchased an alternative property for the UNO President's official residence for $692,597. The residence is being leased to the University for $1 per year for 20 years. The building and improvements are being depreciated over 40 years.

(4) Real Estate (continued)

Real estate held for investment or development consisted of the following at December 31:

	2016	2015
Chevron:		
Land	$ 129,000	$ 129,000
Building	231,788	231,788
Official Residence:		
Land	217,194	167,800
Building and improvements	475,403	504,895
Nims Center Complex:		
Land	721,500	721,500
Building and improvements	9,722,786	9,603,872
Work in progress	-	125
Lee Circle Properties:		
Taylor Library Land	100,000	100,000
	$ 11,597,671	$ 11,458,980
Less accumulated depreciation	(2,480,922)	(2,162,875)
	$ 9,116,749	$ 9,296,105

Depreciation expense on real estate for the years ended December 31, 2016 and 2015 was $402,401 and $308,627, respectively.

(5) Property and Equipment

Property and equipment consisted of the following as of December 31, 2016 and 2015:

	2016	2015
Equipment - furniture	$ 30,544	$ 30,544
Equipment - other	356,008	356,008
	386,552	386,552
Less accumulated depreciation	(386,552)	(386,552)
	$ -	$ -

Depreciation expense on property and equipment for the years ended December 31, 2016 and 2015 was $0 and $16,301, respectively. The property and assets shown above are owned by the Foundation, but the majority of these assets are used by the University of New Orleans in support of its educational and research activities.

(6) Bonds Payable

Bonds payable to a bank, interest payable semi-annually, and principal payable in annual installments ranging from $170,000 to $188,000, bearing interest at 2.093%, were due in 2016. These bonds were secured by land and building related to the Nims Center (see Note 4). Bonds payable consisted of the following as of December 31, 2015:

	2015
Total bonds payable	$ 188,000
Less amounts payable currently	(188,000)
Long-term portion	$ -

The bonds were paid off during the year ended December 31, 2016. Interest expense related to bonds payable during the year ended December 31, 2016 and 2015 was $2,295 and $6,127 respectively. Depreciation and amortization expense in the Consolidated Statement of Activities and Changes in Net Assets includes $1,506 and $2,257 on the bond payable for the years ended December 31, 2016 and 2015.

(7) Net Assets

Temporarily and permanently restricted net assets are restricted to the following at December 31:

	2016	2015
Temporarily restricted:		
Building fund	$ 613,841	$ 649,009
Scholarships and awards	3,661,727	3,659,434
Chairs and professorships	10,305,506	9,324,655
Faculty support	160,513	169,186
Research	557,456	553,031
Educational studies program	1,779,825	1,480,981
Departmental development	6,709,617	6,495,013
Total temporarily restricted	$ 23,788,485	$ 22,331,309
Permanently restricted:		
Scholarships and awards	$ 4,398,141	$ 4,009,077
Chairs and professorships	18,627,945	18,708,000
Faculty support	1,479,331	1,777,418
Research	1,747,990	1,471,780
Educational studies program	3,060,245	3,055,597
Departmental development	2,014,235	1,647,331
Total permanently restricted	$ 31,327,887	$ 30,669,203

(8) The Louisiana Endowment Trust Fund for Endowed Chairs and Professorships

One of the Foundation's primary objectives is to raise and manage funds to provide endowed professorships and chairs to the University. The Louisiana Endowment Trust Fund for Endowed Chairs and Professorships was created by the Louisiana legislature in 1983 to provide state funds to eligible public and private institutions which would be responsible for providing matching funds obtained from gifts.

Endowed professorships are established at $100,000 and endowed chairs at $1,000,000, with the Board of Regents providing 40% of the funding once the Foundation has acquired 60% of the principal through private gifts.

The University is allowed to apply for the 40% match while maintaining the 60% private gift in the Foundation. Funds are pooled for investment purposes in the Foundation, but the Board of Regents' 40% match is recognized as a liability to the University under the caption "Amounts invested for others." The amount invested for others in noncurrent liabilities at December 31, 2016 and 2015, that was attributable to the Endowed Chairs and Professorships, was $19,776,860 and $18,951,873, respectively.

(9) Program Expenses

Program expenses during the year ended December 31, 2016, were incurred for:

	Program Support	Property Operations	Total Expenses
Transfers to the University and related organizations	$ 3,321,619	$ 18,355	$ 3,339,974
Related party staffing services	-	141,232	141,232
Interest expense	-	2,295	2,295
Contract services	475,030	73,683	548,713
Official functions	256,652	200	256,852
Travel	230,663	2,327	232,990
Property maintenance and rent	1,831	167,739	169,570
Office supplies and services	390,555	10,535	401,090
Professional fees	804,232	35,947	840,179
Utilities	62	223,467	223,529
Other miscellaneous expenses	71,825	-	71,825
	$ 5,552,469	$ 675,780	$ 6,228,249

(9) Program Expenses (continued)

Program expenses during the year ended December 31, 2015, were incurred for:

	Program Support	Property Operations	Total Expenses
Transfers to the University and related organizations	$ 5,005,677	$ -	$ 5,005,677
Related party staffing services	-	141,138	141,138
Interest expense	-	6,127	6,127
Contract services	473,083	(19,209)	453,874
Official functions	245,108	319	245,427
Travel	239,282	-	239,282
Property maintenance and rent	3,805	158,178	161,983
Office supplies and services	431,980	32,216	464,196
Professional fees	631,059	21,402	652,461
Utilities	-	223,071	223,071
Other miscellaneous expenses	121,133	3,420	124,553
	$ 7,151,127	$ 566,662	$ 7,717,789

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(10) Related Party/Affiliate Transactions

The Foundation administers the financial assets and maintains the financial records of the UNO International Alumni Association, the Privateer Athletic Foundation, and other entities affiliated with the University. Amounts held in custody for others included in current liabilities amounted to $925,882 and $738,760 at December 31, 2016 and 2015. These amounts represent funds collected by the Foundation on behalf of these affiliates in excess of expenditures made on behalf of these affiliates.

In the normal course of business, the Foundation reimburses the University for certain expenses as well as provides certain services and support to the University. Support paid to the University included in expenses in 2016 and 2015 were $3,485,755 and $5,139,135, respectively. Additionally, the Foundation reimbursed the University for salaries of employees shared with the Foundation in 2016 and 2015 of $747,618 and $785,213, respectively. At December 31, 2016 and 2015, funds due to the University totaled $309,849 and $390,044, respectively.

The R&T Foundation provides administrative support to the Foundation for an annual amount of $525,000 for the years ended December 31, 2016 and 2015. The Foundation also recorded $56,131 and $73,397 in subsidized expenses from R&T which were passed through to the University in 2016 and 2015. At December 31, 2016 and 2015, funds due from R&T totaled $2,464 and $946, respectively, and funds due to R&T totaled $0 and $0, respectively.

(11) Fair Value Measurements

The Financial Accounting Standard Board ("FASB") authoritative guidance for fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under the guidance are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

Domestic and international fixed income instruments and corporate stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Oil and gas interests and land: Valued at the relative interest of the Foundation's share by independent appraisals of fair value at time of contribution.

Hedge funds: Valued at the net asset value ("NAV") of shares held at year end.

Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(11) Fair Value Measurements (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2016. There have been no changes in the methodologies used at December 31, 2016.

	Level 1	Level 2	Level 3	Total
Fixed income bonds	$ -	$ 72	$ -	$ 72
Domestic equity securities	3,756,335	-	-	3,756,335
International equity securities	1,594,926	-	-	1,594,926
Mutual funds	61,479,035	-	-	61,479,035
Oil and gas interests	-	-	94,204	94,204
Land	-	-	3,179,182	3,179,182
Subtotal	66,830,296	72	3,273,386	70,103,754
Hedge fund of funds at NAV	-	-	-	4,173,103
Total investments at fair value	$ 66,830,296	$ 72	$ 3,273,386	$ 74,276,857

As of December 31, 2016, there were no assets measured at fair value on a nonrecurring basis.

The table below sets forth a summary of changes in the fair value of the Level 3 assets for the year ended December 31, 2016.

Description	Oil and gas interests	Land	Total
Balance, beginning of year	$ 95,561	$ 3,212,512	$ 3,308,073
Purchases/contributions	-	-	-
Sales	-	(33,330)	(33,330)
Unrealized gains (loss)	(1,357)	-	(1,357)
Balance, end of year	$ 94,204	$ 3,179,182	$ 3,273,386

The following table represents the Foundation's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs as of December 31, 2016.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Oil and gas interests	$ 94,204	Independent appraisals	Not applicable	Not applicable
Land	$3,179,182	Independent appraisals	Not applicable	Not applicable

(11) Fair Value Measurements (continued)

The Foundation's investment in the hedge fund of funds at December 31, 2016 represents .50% ownership of all ownership interests in the fund. The hedge fund invests in directional, relative value, and event-driven hedge fund managed accounts. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

The following table summarizes investments measured at fair value based on net asset value (NAVs) per share as of December 31, 2016.

Instrument	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund of funds	$ 4,173,103	Not applicable	Quarterly	60 days

The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2015. There have been no changes in the methodologies used at December 31, 2015.

	Level 1	Level 2	Level 3	Total
Fixed income bonds	$ -	$ 70	$ -	$ 70
Domestic equity securities	1,477,521	-	-	1,477,521
International equity securities	1,574,367	-	-	1,574,367
Mutual funds	60,714,858	-	-	60,714,858
Oil and gas interests	-	-	95,561	95,561
Land	-	-	3,212,512	3,212,512
Subtotal	63,766,746	$ 70	3,308,073	67,074,889
Hedge fund of funds at NAV	-	-	-	3,929,357
Total investments at fair value	$ 63,766,746	$ 70	$ 3,308,073	$ 71,004,246

As of December 31, 2015, there were no assets measured at fair value on a nonrecurring basis.

The table below sets forth a summary of changes in the fair value of the Level 3 assets for the year ended December 31, 2015.

Description	Oil and gas interests	Land	Total
Balance, beginning of year	$ 76,343	3,212,512	$ 3,288,855
Purchases/contributions	-	-	-
Sales	-	-	-
Unrealized gains (loss)	19,218	-	19,218
Balance, end of year	$ 95,561	3,212,512	$ 3,308,073

(11) Fair Value Measurements (continued)

The following table represents the Foundation's level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments, and the significant unobservable inputs and the ranges of values for those inputs as of December 31, 2015.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Oil and gas interests	$ 95,561	Independent appraisals	Not applicable	Not applicable
Land	$3,212,512	Independent appraisals	Not applicable	Not applicable

The Foundation's investment in the hedge fund of funds at December 31, 2015 represents .57% ownership of all ownership interests in the fund. The hedge fund invests in directional, relative value, and event-driven hedge fund managed accounts. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

The following table summarizes investments measured at fair value based on net asset value (NAVs) per share as of December 31, 2015.

Instrument	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge fund of funds	$ 3,929,357	Not applicable	Quarterly	60 days

(12) Endowment Net Assets

In accordance with the requirements established by the FASB for endowment funds, the Foundation has provided information about the net assets of its endowment funds. The Foundation's Board of Directors (the Board) is of the belief that they have a strong fiduciary duty to manage the assets of the Foundation's endowments in the most prudent manner possible. The Board recognizes its responsibility to fulfill the donor's intent with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. If the intent is not expressed, the Board ensures the assets of the endowment are spent in a prudent manner which considers the purpose of the fund, current economic conditions and preservation of the fund.

In accordance with the Foundation's policy, the Foundation generally allocates annually 4% of the latest 12 quarter fair market value average for all endowments subject to certain limitations.

The date used to determine the fair market value is December 31 of each calendar year. No amounts are spent from general endowment funds until the corpus of such endowment reaches $25,000. The Board of Regents matched endowments do not receive spending allocations until the Board of Regents matches the private donation.

The goals and objectives of the Foundation's investment policy are to 1) provide investment earnings adequate to fulfill the desires of donors as stated in the gift instruments, 2) achieve a total return adequate to fund the spending rate plus corpus growth to ensure future benefits to later generations, and 3) invest in a variety of diversified categories so that the diversity of the performance characteristics will reduce the volatility of returns from year to year.

(12) Endowment Net Assets (continued)

The strategies employed to achieve these objectives for the Board of Regents matching endowment is to follow the Board of Regents guidelines on investing the funds. The general endowments follow a strategy of guidelines of asset benchmarks and setting investment guidelines for allowed and prohibited investments and transactions.

The amount invested for others in noncurrent liabilities at December 31, 2016 of $19,776,860 is not included in the table below. The composition of the Foundation's endowments by net asset class at December 31, 2016 is:

	Temporarily Restricted - Donor Restricted	Permanently Restricted - Donor Restricted	Total
Endowment net assets, beginning of year	$ 14,026,332	$ 30,669,203	$ 44,695,535
Interest/dividends	1,005,327	-	1,005,327
Realized gains (losses)	278,352	(35)	278,317
Unrealized gains (losses)	2,082,273	(803)	2,081,470
Total investment income (loss)	3,365,952	(838)	3,365,114
Contributions (withdrawals)	20,569	659,522	680,091
Subtotal	3,386,521	658,684	4,045,205
Program expenses	(1,108,864)	-	(1,108,864)
Management expenses	(645,227)	-	(645,227)
Endowment net assets, end of year	$ 15,658,762	$ 31,327,887	$ 46,986,649

(12) Endowment Net Assets (continued)

The amount invested for others in noncurrent liabilities at December 31, 2015 of $18,951,873 is not included in the table below. The composition of the Foundation's endowments by net asset class as of December 31, 2015 is:

	Temporarily Restricted - Donor Restricted	Permanently Restricted - Donor Restricted	Total
Endowment net assets, beginning of year	$ 15,886,707	$ 30,269,290	$ 46,155,997
Interest/dividends	849,013	-	849,013
Realized gains	466,408	51	466,459
Unrealized gains (losses)	(1,489,558)	5,575	(1,483,983)
Total investment income (loss)	(174,137)	5,626	(168,511)
Contributions (withdrawals)	3,565	394,287	397,852
Subtotal	(170,572)	399,913	229,341
Program expenses	(1,060,343)	-	(1,060,343)
Management expenses	(629,460)	-	(629,460)
Endowment net assets, end of year	$ 14,026,332	$ 30,669,203	$ 44,695,535

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the original donated amount, the corpus. In the event an endowment falls below its corpus, the Foundation's unrestricted net assets are utilized to restore each endowment to its corpus (supplement). As of December 31, 2016 and 2015, the total fair market value of those endowments under their corpus increased by $140,177 and $213,390, decreasing the Foundation's supplement to $268,553 and $408,730.

(13) Concentrations of Risk and Contingencies

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

The Foundation is involved in certain claims and legal actions arising in the normal course of activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position.

(14) Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 21, 2017, and determined that there were no subsequent events requiring disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statements

December 31, 2016

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Financial Position

As of December 31, 2016

	UNOF	UNOFREC	UNOFWI	UNOFRC	Eliminating Entries	Consolidated Total
Current assets:						
Cash and cash equivalents	$ 1,386,880	$ 67,375	$ 12,996	$ 27,710	$ -	$ 1,494,961
Investments	1,243,614	-	-		-	1,243,614
Restricted assets:						
Cash and cash equivalents	1,232,235	-	-	-	-	1,232,235
Unconditional promises to give, net	438,475	-	-	-	-	438,475
Accounts receivable	614,805	-	860	36	(896)	614,805
Contributions receivable	211,968	-	-	-	-	211,968
Grants receivable	-	-	-	-	-	-
Real estate held for sale, net	588,341	-	-	-	-	588,341
Deferred charges and prepaid expenses	54,748	-	-	-	-	54,748
Total current assets	5,771,066	67,375	13,856	27,746	(896)	5,879,147
Noncurrent assets:						
Restricted assets:						
Investments	69,759,858	-	-	-	3,273,385	73,033,243
Unconditional promises to give, net	72,931	-	-	-	-	72,931
Real estate, net	9,116,749	3,179,182	-	-	(3,179,182)	9,116,749
Property and equipment, net	-	-	61,058	-	(61,058)	-
Other noncurrent assets	163,403	-	-	35,107	(35,107)	163,403
Total noncurrent assets	79,112,941	3,179,182	61,058	35,107	(1,962)	82,386,326
Total assets	$ 84,884,007	$ 3,246,557	$ 74,914	$ 62,853	$ (2,858)	$ 88,265,473

(continued)

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Financial Position

As of December 31, 2016

	UNOF	UNOFREC	UNOFWI	UNOFRC	Eliminating Entries	Consolidated Total
Current liabilities:						
Accounts payable and accrued liabilities	$ 1,737,912	$ (35)	$ 2,928	$ (35)	$ (2,858)	$ 1,737,912
Amounts held in custody for others	925,882	-	-	-	-	925,882
Current portion of bonds payable	-	-	-	-	-	-
Other current liabilities - due to University	309,849	-	-	-	-	309,849
Total current liabilities	2,973,643	(35)	2,928	(35)	(2,858)	2,973,643
Noncurrent liabilities:						
Amounts invested for others	19,776,860	-	-	-	-	19,776,860
Total noncurrent liabilities	19,776,860	-	-	-	-	19,776,860
Total liabilities	22,750,503	(35)	2,928	(35)	(2,858)	22,750,503
Net assets:						
Unrestricted	7,017,131	3,246,592	71,987	62,888	-	10,398,598
Temporarily restricted	23,788,485	-	-	-	-	23,788,485
Permanently restricted	31,327,887	-	-	-	-	31,327,887
Total net assets	62,133,503	3,246,592	71,987	62,888	-	65,514,970
Total liabilities and net assets	$ 84,884,006	$ 3,246,557	$ 74,915	$ 62,853	$ (2,858)	$ 88,265,473

See accompanying independent auditors' report.

(concluded)

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Financial Position

As of December 31, 2015

	UNOF	UNOFREC	UNOFWI	UNOFRC	Eliminating Entries	Consolidated Total
Current assets:						
Cash and cash equivalents	$ 1,382,645	$ 64,376	$ 10,001	$ 26,310	$ -	$ 1,483,332
Investments	1,119,949	-	-	-	-	1,119,949
Restricted assets:						
Cash and cash equivalents	1,545,010	-	-	-	-	1,545,010
Unconditional promises to give, net	131,585	-	-	-	-	131,585
Accounts receivable	437,168	-	1,007	149	(1,156)	437,168
Contributions receivable	320,537	-	-	-	-	320,537
Grants receivable	225,140	-	-	-	-	225,140
Real estate held for sale, net	-	-	-	-	-	-
Deferred charges and prepaid expenses	37,925	-	-	-	-	37,925
Total current assets	5,199,959	64,376	11,008	26,459	(1,156)	5,300,646
Noncurrent assets:						
Restricted assets:						
Investments	66,576,225	-	-	-	3,308,072	69,884,297
Unconditional promises to give, net	76,860	-	-	-	-	76,860
Real estate, net	9,296,105	3,212,512	-	-	(3,212,512)	9,296,105
Property and equipment, net	-	-	61,058	-	(61,058)	-
Other noncurrent assets	165,288	-	-	35,107	(35,107)	165,288
Total noncurrent assets	76,114,478	3,212,512	61,058	35,107	(605)	79,422,550
Total assets	$ 81,314,437	$ 3,276,888	$ 72,066	$ 61,566	$ (1,761)	$ 84,723,196

(continued)

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Financial Position

As of December 31, 2015

	UNOF	UNOFREC	UNOFWI	UNOFRC	Eliminating Entries	Consolidated Total
Current liabilities:						
Accounts payable and accrued liabilities	$ 1,697,484	$ (35)	$ 1,831	$ (35)	$ (1,761)	$ 1,697,484
Amounts held in custody for others	738,760	-	-	-	-	738,760
Current portion of bonds payable	188,000	-	-	-	-	188,000
Other current liabilities - due to University	390,044	-	-	-	-	390,044
Total current liabilities	3,014,288	(35)	1,831	(35)	(1,761)	3,014,288
Noncurrent liabilities:						
Amounts invested for others	18,951,873	-	-	-	-	18,951,873
Total noncurrent liabilities	18,951,873	-	-	-	-	18,951,873
Total liabilities	21,966,161	(35)	1,831	(35)	(1,761)	21,966,161
Net assets:						
Unrestricted	6,347,764	3,276,923	70,235	61,601	-	9,756,523
Temporarily restricted	22,331,309	-	-	-	-	22,331,309
Permanently restricted	30,669,203	-	-	-	-	30,669,203
Total net assets	59,348,276	3,276,923	70,235	61,601	-	62,757,035
Total liabilities and net assets	$ 81,314,437	$ 3,276,888	$ 72,066	$ 61,566	$ (1,761)	$ 84,723,196

See accompanying independent auditors' report.

(concluded)

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Activities and Changes in Net Assets

For the year ended December 31, 2016

	UNOF	UNOFREC	UNOFWI	UNOFRC	Eliminating Entries	Consolidated Total
Changes in unrestricted net assets:						
Unrestricted support and revenue						
Contributions	$ 454,683	$ -	$ -	$ -	$ -	$ 454,683
Grants	-	-	-	-	-	-
Investment income	517,620	-	-	-	89,356	606,976
Service fees	862,863	-	-	-	-	862,863
Rental income	1,789,843	-	-	-	-	1,789,843
Gain on insurance proceeds	458,429	-	-	-	-	458,429
Other income	542,677	86,317	16,742	1,380	(104,439)	542,677
Total unrestricted support and revenue before net assets released from restrictions	4,626,115	86,317	16,742	1,380	(15,083)	4,715,471
Net assets released from restrictions/transfers:						
Net assets released from restrictions	4,360,313	-	-	-	-	4,360,313
Transfers	-	-	-	-	-	-
Total net assests released/transferred						
Total unrestricted support and revenue	8,986,428	86,317	16,742	1,380	(15,083)	9,075,784
Expenses:						
Program support	5,552,469	-	-	-	-	5,552,469
Property operations	675,780	-	14,990	93	(15,083)	675,780
Total program expenses	6,228,249	-	14,990	93	(15,083)	6,228,249
Supporting services						
Dues and subscriptions	30,235	-	-	-	-	30,235
Meetings	7,042	-	-	-	-	7,042
Travel	4,638	-	-	-	-	4,638
Office operations	77,204	-	-	-	-	77,204
Professional services	409,815	-	-	-	-	409,815
Related party staffing services	1,272,618	-	-	-	-	1,272,618
Depreciation and amortization	403,908	-	-	-	-	403,908
Total supporting services	2,205,460	-	-	-	-	2,205,460
Total expenses	8,433,709	-	14,990	93	(15,083)	8,433,709
Change in unrestricted net assets	$ 552,719	$ 86,317	$ 1,752	$ 1,287	$ -	$ 642,075

(continued)

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Activities and Changes in Net Assets

For the year ended December 31, 2016

	UNOF	UNOFREC	UNOFWI	UNOFRC	Eliminating Entries	Consolidated Total
Changes in temporarily restricted net assets:						
Restricted support and revenue						
Contributions	$ 2,465,718	$ -	$ -	$ -	$ -	$ 2,465,718
Investment income (loss)	3,223,165	-	-	-	-	3,223,165
Service fees	254,356	-	-	-	-	254,356
Total temporarily restricted support and revenue before net assets released from restrictions/transfers	5,943,239	-	-	-	-	5,943,239
Net assets released from restrictions/transfers:						
Net assets released from restrictions	(4,360,313)	-	-	-	-	(4,360,313)
Transfers	(125,750)	-	-	-	-	(125,750)
Total net assets realeased/ transferred						
Change in temporarily restricted net assets	1,457,176	-	-	-	-	1,457,176
Changes in permanently restricted net assets:						
Contributions	527,643	-	-	-	-	527,643
Investment income (loss)	(838)	-	-	-	-	(838)
Service fees	6,129	-	-	-	-	6,129
Total permanently restricted support and revenue before net assets released from transfers	532,934	-	-	-	-	532,934
Net assets released from restrictions/transfers:						
Net assets released from restrictions	-	-	-	-	-	-
Transfers	125,750	-	-	-	-	125,750
Change in permanently restricted net assets	658,684	-	-	-	-	658,684
Change in net assets	2,668,579	86,317	1,752	1,287	-	2,757,935
Net assets, at beginning of year	59,348,276	3,276,923	70,235	61,601	-	62,757,035
Net assets, at end of year	$ 62,016,855	$ 3,363,240	$ 71,987	$ 62,888	$ -	$ 65,514,970

See accompanying independent auditors' report.

(concluded)

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Activities and Changes in Net Assets

For the year ended December 31, 2015

	UNOF	UNOFREC	UNOFWI	UNOFRC	Eliminating Entries	Consolidated Total
Changes in unrestricted net assets:						
Unrestricted revenue and support						
Contributions	$ 442,810	$ -	$ -	$ -	$ -	$ 442,810
Grants	272,132	-	-	-	-	272,132
Investment income (loss)	(329,478)	-	-	-	3,213	(326,265)
Service fees	871,005	-	-	-	-	871,005
Rental income	1,743,773		-	-	-	1,743,773
Gain on insurance proceeds	-	-	-	-	-	-
Other income	7,407	3,000	25,063	1,173	(29,236)	7,407
Total unrestricted revenue and support before net assets released from restrictions	3,007,649	3,000	25,063	1,173	(26,023)	3,010,862
Net assets released from restrictions/transfers:						
Net assets released from restrictions	4,404,772	-	-	-	-	4,404,772
Transfers	-	-	-	-	-	-
Total unrestricted revenue and support	7,412,421	3,000	25,063	1,173	(26,023)	7,415,634
Expenses:						
Program support	7,151,127	-	-	-	-	7,151,127
Property operations	566,662	-	26,001	127	(26,128)	566,662
Total program expenses	7,717,789	-	26,001	127	(26,128)	7,717,789
Supporting services						
Dues and subscriptions	34,887	-	-	-	-	34,887
Meetings	5,245	-	-	-	-	5,245
Travel	3,205	-	-	-	-	3,205
Office operations	92,573	-	-	-	-	92,573
Professional services	442,128	-	-	-	-	442,128
Related party staffing services	1,310,213	-	-	-	-	1,310,213
Depreciation and amortization	327,185	-	-	-	-	327,185
Total supporting services	2,215,436	-	-	-	-	2,215,436
Total expenses	9,933,225	-	26,001	127	(26,128)	9,933,225
Change in unrestricted net assets	$ (2,520,804)	$ 3,000	$ (938)	$ 1,046	$ 105	$ (2,517,591)

(continued)

UNIVERSITY OF NEW ORLEANS FOUNDATION

Consolidating Statement of Activities and Changes in Net Assets

For the year ended December 31, 2015

	UNOF	UNOFREC	UNOFWI	UNOFRC	Eliminating Entries	Consolidated Total
Changes in temporarily restricted net assets:						
Restricted revenue and support						
Contributions	$ 2,391,197	$ -	$ -	$ -	$ -	$ 2,391,197
Investment income (loss)	(216,796)	-	-	-	-	(216,796)
Service fees	225,219	-	-	-	-	225,219
Total temporarily restricted revenue and support before net assets released from restrictions/transfers	2,399,620	-	-	-	-	2,399,620
Net assets released from restrictions/transfers:						
Net assets released from restrictions	(4,404,772)	-	-	-	-	(4,404,772)
Transfers		-	-	-	-	-
Change in temporarily restricted net assets	(2,005,152)	-	-	-	-	(2,005,152)
Changes in permanently restricted net assets:						
Contributions	389,592	-	-	-	-	389,592
Investment income (loss)	5,626	-	-	-	-	5,626
Service fees	4,695	-	-	-	-	4,695
Other income	-	-	-	-	-	-
Total permanently restricted revenue and support before net assets released from transfers	399,913	-	-	-	-	399,913
Net assets released from restrictions/transfers:						
Net assets released from restrictions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Change in permanently restricted net assets	399,913	-	-	-	-	399,913
Change in net assets	(4,126,043)	3,000	(938)	1,046	105	(4,122,830)
Owner contributions/(withdrawals)	-	35	35	35	(105)	-
Net assets, at beginning of year	63,474,319	3,273,888	71,138	60,520	-	66,879,865
Net assets, at end of year	$ 59,348,276	$ 3,276,923	$ 70,235	$ 61,601	$ -	$ 62,757,035

See accompanying independent auditors' report.

(concluded)

UNIVERSITY OF NEW ORLEANS FOUNDATION

Supplemental Schedules

December 31, 2016

UNIVERSITY OF NEW ORLEANS FOUNDATION

Supplemental Schedule 1 - Privateer Athletic Foundation

Schedule of Revenue, Support, and Expenses

For the years ended December 31, 2016 and 2015

		2016		2015
Revenue and support				
Program revenues	$	57,944	$	35,646
Contributions and bequests		125,621		153,521
Total revenue and support		183,565		189,167
Expenses				
Program support		155,921		306,608
General and administrative		3,167		2,500
Total expenses		159,088		309,108
Excess of revenues over expenses/(expenses over revenues)	$	24,477	$	(119,941)

See accompanying independent auditors' report.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Supplemental Schedule 2 - University of New Orleans
International Alumni Association
Schedule of Revenue, Support, and Expenses

For the years ended December 31, 2016 and 2015

	2016	2015
Revenue and support		
Program revenues	$ 195,992	$ 144,300
UNOF contribution support	-	213,700
Contributions and bequests	285,150	100,217
Total revenue and support	481,142	458,217
Expenses		
Program support	297,981	339,843
General and administrative	3,228	2,500
Total expenses	301,209	342,343
Excess of revenues over expenses/(expenses over revenues)	$ 179,933	$ 115,874

See accompanying independent auditors' report.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Supplemental Schedule 3 - National Collegiate Athletic Association
Schedule of Revenue, Support, Expenses, and Capitalized Expenditures
Made to or on Behalf of the University's Intercollegiate Athletics Program

For the years ended December 31, 2016 and 2015

	2016	2015
Revenue and support		
Contributions, net of management fee	$ 8,075	$ 8,170
Endowment spending alloction	1,625	1,881
Total revenue and support	9,700	10,051
Expenses		
Program support	-	2,185,150
Total expenses	-	2,185,150
Excess of expenses over revenues	$ 9,700	$ (2,175,099)
Capitalized expenditures	$ -	$ -

See accompanying independent auditors' report.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
University of New Orleans Foundation
New Orleans, 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 consolidated financial statements of the University of New Orleans Foundation (a nonprofit organization) (the Foundation) and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 21, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation's consolidated 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's consolidated financial statements are free of 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

June 21, 2017
Metairie, Louisiana