UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

FINANCIAL REPORT

JUNE 30, 2018

CONTENTS

BROUSSARD
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
University of Louisiana
at Lafayette Foundation, Inc.
Lafayette, Louisiana

We have audited the accompanying financial statements of the University of Louisiana at Lafayette Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities and cash flows for the years then ended, and the related notes to 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 opinions 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 audits to obtain reasonable assurance about whether the financial statements are free of 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 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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of Louisiana at Lafayette Foundation, Inc. as of June 30, 2018 and 2017 and the respective changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of compensation, benefits and other payments to agency head on page 30 and schedule of revenues and expenses of intercollegiate athletics program on pages 31 and 32 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 8, 2018 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 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.

Broussard Poche LLP

Lafayette, Louisiana
October 8, 2018

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION
As of June 30, 2018 and 2017

ASSETS	2018	2017
Cash and cash equivalents	$ 36,329,594	$ 9,349,119
Cash – designated for investment	3,000,000	-
Cash – restricted for collateral on derivative investments	1,150,000	-
Contributions receivable, net	6,049,717	5,574,080
Accounts receivable	414,595	275,764
Investments, at market value	138,830,792	164,023,861
Property and equipment, net	9,222,607	8,485,913
Artworks	3,000,266	2,988,516
Accrued interest receivable	110,456	119,224
Other receivables	40,485	-
Other assets	1,413,993	1,365,630
Total assets	$199,562,505	$192,182,107

LIABILITIES AND NET ASSETS	2018	2017
Liabilities:		
Accounts payable	$ 718,291	$ 2,667,997
Grants payable to University	16,296	8,781
Funds held in custody	39,378,811	37,545,171
Note payable	378,436	398,905
Other liabilities	363,616	224,187
Total liabilities	$ 40,855,450	$ 40,845,041
Net assets:		
Unrestricted	$ 5,542,881	$ 4,657,281
Temporarily restricted	55,120,862	51,122,270
Permanently restricted	98,043,312	95,557,515
Total net assets	$158,707,055	$151,337,066
Total liabilities and net assets	$199,562,505	$192,182,107

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, LOSSES AND OTHER SUPPORT:				
Contributions	$ 121,515	$ 11,749,560	$ 1,505,186	$ 13,376,261
Contributions – artwork	-	47,950	-	47,950
Interest and dividends	12,133	2,544,535	-	2,556,668
Net gains and (losses) on investments –				
Realized	-	7,801,069	-	7,801,069
Unrealized	34	(945,834)	-	(945,800)
Other income	801,865	1,817,878	324	2,620,067
Grant revenue	3,230	-	-	3,230
Net assets released from restrictions –				
Satisfaction of purpose restrictions	17,819,283	(17,836,646)	17,363	-
Transfers between net asset classifications	216,996	(1,179,920)	962,924	-
Total revenues, gains, losses and other support	$18,975,056	$ 3,998,592	$ 2,485,797	$ 25,459,445
EXPENSES:				
Grants paid to benefit University of Louisiana at Lafayette for –				
Projects specified by donors	$14,908,809	$ -	$ -	$ 14,908,809
Fundraising –				
Salaries and benefits	529,189	-	-	529,189
Other	292,366	-	-	292,366
Supporting services –				
Salaries and benefits	597,728	-	-	597,728
Insurance	86,730	-	-	86,730
Office operations	262,619	-	-	262,619
Travel	23,528	-	-	23,528
Professional services	468,192	-	-	468,192
Dues and subscriptions	39,895	-	-	39,895
Meetings and development	2,793	-	-	2,793
Investment management fee	618,149	-	-	618,149
Interest	19,471	-	-	19,471
Depreciation	339,422	-	-	339,422
Bad debt recoveries	(99,435)	-	-	(99,435)
Total expenses	$18,089,456	$ -	$ -	$ 18,089,456

(continued)

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in net assets	$ 885,600	$ 3,998,592	$ 2,485,797	$ 7,369,989
Net assets at beginning of year	4,657,281	51,122,270	95,557,515	151,337,066
Net assets at end of year	$ 5,542,881	$ 55,120,862	$ 98,043,312	$158,707,055

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, LOSSES AND OTHER SUPPORT:				
Contributions	$ 100,418	$ 13,100,390	$ 2,466,765	$ 15,667,573
Contributions – artwork	-	5,500	-	5,500
Interest and dividends	10,745	2,247,662	-	2,258,407
Net gains and (losses) on investments –				
Realized	-	(133,551)	-	(133,551)
Unrealized	-	10,202,799	-	10,202,799
Other income	1,170,925	378,938	307	1,550,170
Loss on disposal of property, plant and equipment	(9,454)	-	-	(9,454)
Grant revenue	3,300	-	-	3,300
Net assets released from restrictions –				
Satisfaction of purpose restrictions	17,499,692	(17,455,984)	(43,708)	-
Transfers between net asset classifications	538,144	(1,035,199)	497,055	-
Total revenues, gains, losses and other support	$ 19,313,770	$ 7,310,555	$ 2,920,419	$ 29,544,744
EXPENSES:				
Grants paid to benefit University of Louisiana at Lafayette for –				
Projects specified by donors	$ 14,251,331	$ -	$ -	$ 14,251,331
Fundraising –				
Salaries and benefits	483,645	-	-	483,645
Other	309,645	-	-	309,645
Supporting services –				
Salaries and benefits	461,823	-	-	461,823
Insurance	86,442	-	-	86,442
Office operations	335,772	-	-	335,772
Travel	18,188	-	-	18,188
Professional services	385,333	-	-	385,333
Dues and subscriptions	43,479	-	-	43,479
Meetings and development	1,994	-	-	1,994
Investment management fee	454,784	-	-	454,784
Interest	43,857	-	-	43,857
Depreciation	360,972	-	-	360,972
Bad debt expense	1,585,333	-	-	1,585,333
Total expenses	$ 18,822,598	$ -	$ -	$ 18,822,598

(continued)

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in net assets	$ 491,172	$ 7,310,555	$ 2,920,419	$ 10,722,146
Net assets at beginning of year	4,166,109	43,811,715	92,637,096	140,614,920
Net assets at end of year	$ 4,657,281	$ 51,122,270	$95,557,515	$151,337,066

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017

	2018	2017
OPERATING ACTIVITIES		
Change in net assets	$ 7,369,989	$ 10,722,146
Adjustments to reconcile change in net assets		
to operating activities:		
Depreciation	339,422	360,972
Net realized and unrealized (gains) losses on investments	(6,855,269)	(10,069,248)
Loss on disposal of property, plant, and equipment	-	9,454
Bad debt expense (recoveries)	(99,435)	1,585,333
Non cash donations	(47,950)	(5,500)
Changes in assets and liabilities –		
Decrease (increase) in assets:		
Contributions receivables	(376,202)	161,302
Accounts receivable	(138,831)	378,984
Other receivables	(40,485)	3,356,838
Other assets	(39,596)	(739,699)
Increase (decrease) in liabilities:		
Accounts payable	(1,949,706)	724,126
Grants payable to University	7,515	8,781
Funds held in custody (net of investment income allocation)	(1,431,093)	(1,092,839)
Other liabilities	139,430	20,906
Net cash provided by (used in) operating activities	$ (3,122,211)	$ 5,421,556
INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	$125,889,640	$ 29,424,647
Purchases of investments	(90,576,569)	(28,285,768)
Purchase of artworks	(3,800)	-
Proceeds from the sale of fixed assets	-	52,546
Purchases of fixed assets	(1,036,116)	(45,466)
Net cash provided by (used in) investing activities	$ 34,273,155	$ 1,145,959
FINANCING ACTIVITIES		
Principal payments on note payable	$ (20,469)	$ (18,630)
Principal payments on bonds payable	-	(800,000)
Net cash used in financing activities	$ (20,469)	$ (818,630)
Net increase in cash and cash equivalents	$ 31,130,475	$ 5,748,885
Cash and cash equivalents at beginning of year	9,349,119	3,600,234
Cash equivalents at end of year	$ 40,479,594	$ 9,349,119

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UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended June 30, 2018 and 2017

	2018	2017
RECONCILIATION OF CASH		
Cash and cash equivalents	$ 36,329,594	$ 9,349,119
Cash – restricted for collateral on derivative investments	1,150,000	-
Cash – designated for investment	3,000,000	-
	$ 40,479,594	$ 9,349,119

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

The University of Louisiana at Lafayette Foundation, Inc. (the "Foundation") is a nonprofit corporation organized to promote the educational, social, moral and material welfare of the University of Louisiana at Lafayette (the "University") and to receive scholarships, gifts, donations, devices and bequests of money and real and personal properties to become a part thereof, and to invest, care for, manage and control all monies and properties so received, and to disburse the same, and the income there from, as the donors may direct, or if case specific directions are not given, then to such uses as the Board of Trustees of the Foundation may determine, in aid of any of the activities, institutions, interests, purposes and objects of the University.

Significant accounting policies:

Basis of accounting -

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

Contributions and recognition of donor restricted contributions -

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are for future periods or restricted by the donor for specified purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Contributions of noncash assets including artworks are recognized at their estimated fair market values at the date of the donation within the statements of activities and capitalized within the statements of financial position. These contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. Substantially, all artworks are considered unrestricted by the Foundation. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Use of estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents -

Cash and cash equivalents represent demand deposits and certificates of deposit with original maturities of three months or less. Certain cash and cash equivalents are restricted as to use based on donor stipulations. Cash invested in donor endowments amounted to $35,317,631 and $3,599,587 as of June 30, 2018 and 2017, respectively.

Derivative instruments –

The Foundation has investments in derivative instruments which have not been designated as hedges. A derivative financial instrument is a financial instrument whose values are derived in whole or in part from the value of any one or more underlying assets or index of asset values. Derivative instruments are recorded at fair value.

Contributions receivable –

Contributions to be received in one year or less are reported at net realizable value. Contributions to be received after one year, net of an allowance for uncollectible amounts, are initially reported at fair value, estimated by discounting them to their present value. Thereafter, amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors.

Investments -

In accordance with generally accepted accounting principles, all investments in marketable securities, debt securities and hedge funds are reported at their estimated fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income, gains and losses restricted by a donor are reported as changes in temporarily restricted net assets.

Concentrations of credit risk -

Financial instruments which subject the Foundation to concentrations of credit risk consist primarily of investments in long-term corporate and governmental fixed income instruments; equity holdings of domestic and international corporations; mutual funds which invest in various marketable securities; derivatives and various hedge funds. The hedge funds hold various investments which include but are not limited to corporate and government fixed income securities, corporate equities (both long and short positions), mutual funds, futures contracts, forward contracts, option contracts, physical commodities, distressed securities, real estate, swaps and other derivative products and other capital market instruments. In addition, the Foundation typically maintains cash and cash equivalents and temporary investments in local banks which may, at times, exceed the Federal Deposit Insurance Corporation (FDIC) limits.

Contributions receivable and substantially all donations are derived from local donors in Southern Louisiana.

Tax status -

The Foundation is a Louisiana nonprofit corporation established in 1955. It is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Service Code; accordingly, no provision for income taxes has been made in the financial statements.

The Foundation has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2015, 2016 and 2017 tax years. However, the Foundation is not currently under audit nor has the Foundation been contacted by any jurisdiction.

Based on the evaluation of the Foundation's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal year ended June 30, 2018.

Property and equipment -

Purchased property and equipment are stated at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the assets.

Donations of property and equipment are recorded as support at their estimated fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted support.

Real estate -

Real estate held for investment purposes is recorded at fair market value on the date donated.

Charitable giving through life insurance -

In 1985, the Foundation instituted a "Charitable Giving Through Life Insurance Program" in which whole-life insurance policies are purchased on the lives of individuals, with their permission, with proceeds upon death insuring to the Foundation. The cash surrender value of these policies is recognized within the statements of financial position as other assets. Changes in the cash surrender value are recognized as other income in the financial statements.

Funds held in custody -

The Foundation considers all state matching funds and the proportionate share of income generated and expenses paid from the endowments for chairs and professorships, first generation and superior graduate student scholarships as funds held in custody.

Employee benefit plans -

Effective January 1, 1991, the Foundation established a 403(b) plan to provide retirement benefits for employees. Any employee over the age of 21 who has completed one year of service (1,000 hours) is eligible to participate. Participants may contribute to the plan by deferring a portion of their gross salary, within certain IRS imposed limitations for maximum contributions in a given year. The Foundation will match up to 100% of the participant's first 4% of contributions. The amount included in expense for the years ended June 30, 2018 and 2017 was $31,186 and $39,105, respectively.

Effective December 1, 2017, the Foundation established a 457(b) deferred compensation plan for eligible employees. The Foundation makes non elective deferrals to this plan of 5% to 9% of eligible employee compensation. Total contributions to this plan for 2018 amounted to $7,133.

Functional allocation of expenses -

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

Recent accounting pronouncements:

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, "*Fair Value Measurement (Topic 820) – Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*". This ASU eliminates the requirement to categorize within the fair value hierarchy investments for which fair values are measured at net asset value using the practical expedient. The provisions of this amendment was effective for fiscal years beginning after December 15, 2016. The Foundation adopted ASU 2015-07 and has applied the amendments retrospectively to all periods presented.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, "*Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities*". This ASU significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. This ASU simplifies and improves the manner in which a not-for-profit entity classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, financial performance, and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017. The adoption of this ASU is expected to change the presentation of the financial statements and disclosures.

In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-18, "*Statement of Cash Flows (Topic 230) – Restricted Cash*". This ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The ASU is effective for fiscal years beginning after December 15, 2018. The Foundation elected to early adopt ASU 2016-18 for its fiscal year ended June 30, 2017, and has applied the amendments retrospectively to all periods presented.

Note 2. Contributions Receivable

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Contributions receivable recognized at June 30, 2018 and 2017 were as follows:

	2018	2017
Contributions receivable	$ 8,863,677	$ 8,289,527
Unamortized discount	(495,360)	(283,903)
	$ 8,368,317	$ 8,005,624
Allowance for doubtful accounts	(2,318,600)	(2,431,544)
	$ 6,049,717	$ 5,574,080

Contributions receivable are expected to be realized in the following periods:

Amounts due in:	
In one year or less	$ 5,047,679
Between one year and five years	3,086,604
More than five years	729,394
	$ 8,863,677

Contributions receivable (net of present value discount) at June 30, 2018 and 2017 had the following restrictions:

	2018	2017
Temporarily restricted by donor imposed stipulations for University programs and activities	$ 7,836,527	$ 7,299,299
Endowment for University programs and activities and property acquisitions	531,790	706,325
	$ 8,368,317	$ 8,005,624

The Foundation's management performs an annual in depth analysis of pledged contributions and determines that certain contributions receivable are no longer collectible. Contributions totaling $13,509 and $106,497 were written off during the years ending June 30, 2018 and 2017, respectively.

Additionally, management reserved $2,318,600 and $2,431,544 of allowance for possible uncollectible pledges as of June 30, 2018 and 2017, respectively. The allowance is based on management's estimate of future losses; actual losses may vary from the current estimate. The estimate is reviewed periodically, taking into consideration the risk characteristics of pledged contributions, past loss experience, general economic conditions and other factors that warrant current recognition. As adjustments to the estimate of future losses become necessary, they are reflected as a provision for bad debts in current-period earnings. Actual pledge losses are deducted from, and subsequent recoveries are added to, the allowance.

Note 3. Investments

Investments are measured at fair value in the statements of financial position. Investments consist of bonds, stocks, hedge funds and alternative investments, derivatives, mutual funds and certificates of deposit. Realized and unrealized gains and losses on investments, interest and dividends are reflected in the statements of activities within the appropriate net asset category.

Investments are composed of the following at June 30, 2018 and 2017:

	Fair Market Value	
	2018	2017
Certificates of deposit	$ 810,005	$ 805,475
Equities	2,459,858	8,430,992
Unit investment trusts and limited partnerships	23,459,386	39,322
Derivative assets	39,316	-
Derivative liabilities	(39,316)	-
Mutual and exchange traded funds	51,981,730	98,570,583
Hedge funds and other alternatives	60,119,813	56,177,489
	$138,830,792	$164,023,861

The Foundation transacts in certain derivative investments as part of its overall investment strategy. The primary objective of these investments is to rebalance the portfolio investment allocations on a continuing basis. These derivative investments have not been designated as hedges. The fair value of these derivative instruments are included within the "Investments" line item on the statement of financial position with changes in fair value reflected as realized gains (losses) or net change in unrealized gains (losses) on investments within the statement of activities.

As of June 30, 2018, the volume of the Foundation's derivative activities based on their notional amounts and number of contracts categorized by primary underlying risk are as follows:

	Long Exposure	
Primary Underlying Risk	Notional Amounts	Number of Contracts
Equity Index Futures		
Options, Futures & Forwards	$ 24,494,400	180
International Equity Index Futures		
Options, Futures & Forwards	2,121,650	29
Fixed income Futures		
Options, Futures & Forwards	4,143,266	34
	$ 30,759,316	243

As of June 30, 2018, the fair value amounts of derivative instruments included in the statement of financial position, categorized by primary underlying risk are as follows:

Primary Underlying Risk	Derivative Asset	Derivative Liabilities	Location in the Statement of Financial Position
Equity Index Futures			
Options, Futures & Forwards	$ -	$ 479,926	Investments
International Equity Index Futures			
Options, Futures & Forwards	-	62,135	Investments
Fixed Income Futures			
Options, Futures & Forwards	39,316	-	Investments
Gross derivative assets and liabilities	$ 39,316	$ 542,061	
Less: Margin cash	-	(502,745)	Investments
	$ 39,316	$ 39,316	

Amounts are presented on a gross basis, prior to netting cash margin accounts.

The following identifies the net gain and loss amounts included in the statement of activities from derivative contracts, categorized by primary underling risk for the year ending June 30, 2018.

Primary Underlying Risk	Realized Gain or (Loss) on Derivatives	Change in Unrealized Appreciation or (Depreciation) on Derivatives	Location of Gain (Loss) In the Statement of Activities
Equity Index Futures			
Options, Futures & Forwards	$ 354,488	$ (479,926)	Net gains and (losses) on investments
International Equity Index Futures			
Options, Futures & Forwards	(307,635)	(62,135)	Net gains and (losses) on investments
Fixed Income Futures			
Options, Futures & Forwards	314,360	39,316	Net gains and (losses) on investments
Total	$ 361,213	$ (502,745)	

Note 4. Property and Equipment

A summary of property and equipment at June 30, 2018 and 2017 follows:

	2018	2017
Buildings	$ 10,848,091	$ 10,809,403
Real estate	1,913,705	1,048,010
Vehicles	185,609	185,609
Furniture and equipment	804,883	792,985
Construction in progress	114,922	-
	$ 13,867,210	$ 12,836,007
Less: accumulated depreciation	(4,644,603)	(4,350,094)
	$ 9,222,607	$ 8,485,913

The assets shown are owned by the Foundation, but the majority of these assets are used by the University in support of its educational activities.

Note 5. Funds Held in Custody

One of the Foundation's primary objectives is to raise funds to provide endowed professorships and chairs as well as first generation and superior graduate student scholarships to the University. The Louisiana Endowment Trust Fund for Eminent Scholars was created by the Louisiana Legislature in 1983 to provide State funds as a challenge grant to eligible public and private institutions which would be responsible for providing matching funds obtained from gifts. Endowed professorships are established at $100,000, endowed chairs at $1,000,000 and endowed superchairs at $2,000,000, with the State providing 40% of the funding once the Foundation has acquired 60% of the principal through private gifts. First generation and superior graduate student scholarships are established at $100,000. 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 State's 40% match, net of the proportionate share of income and expenses of the endowments, are recognized as a liability to the University under the caption "Funds Held in Custody." The State matching funds managed for the University at June 30, 2018 and 2017 were $39,378,811 and $37,545,171, respectively.

Total payments to the University from these endowments amounted to $2,598,454 and $1,972,930 for the years ending June 30, 2018 and 2017, respectively.

The following is a recap of these endowments (both the Foundation and State portions) as of June 30, 2018 and 2017:

	June 30, 2018		
	Temporarily Restricted	Permanently Restricted	Total
State portion:			
Funds held in custody	$12,871,097	$26,507,714	$ 39,378,811
Foundation portion	15,586,620	49,349,066	64,935,686
Total Endowed Professorships and Chairs	$28,457,717	$75,856,780	$104,314,497

	June 30, 2017		
	Temporarily Restricted	Permanently Restricted	Total
State portion:			
Funds held in custody	$11,357,457	$26,187,714	$37,545,171
Foundation portion	13,343,708	48,396,171	61,739,879
Total Endowed Professorships and Chairs	$24,701,165	$74,583,885	$99,285,050

Note 6. Long-Term Debt

Note payable related to 717 E. St Mary (vacant lot) outstanding is as follows:

	2018	2017
Note payable, with a 4.75% interest rate, 180 monthly payments of $3,269 maturing on June 5, 2031, secured by land with a carrying value of $500,000 as of June 30, 2018 and 2017, respectively.	378,436	398,905
	$ 378,436	$ 398,905

Aggregate maturities required on long-term debt are as follows at June 30, 2018:

2019	$ 21,476
2020	22,488
2021	23,641
2022	24,805
2023	26,027
2024-2031	259,999
	$ 378,436

Cash paid for interest during the fiscal years ended June 30, 2018 and 2017 were $19,471 and $43,857, respectively.

Note 7. Endowments and Net Asset Classifications

The Foundation's endowments consist of approximately 1,700 individual funds established for a variety of purposes. Its endowments include donor-restricted endowment funds whereby the stipulations of the gift may require the preservation of the original donation with only the income derived used for a specific purpose as well as term endowments where all funds are available for specific purposes. As required by GAAP, net assets associated with endowment funds to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions or intent.

Interpretation of Relevant Law

In June 2010, Act 168 of the regular session of the Louisiana legislature was signed into law by the Governor. This act adopted the provisions of the Uniform Prudent Management of Institution Funds Act and is effective as of July 1, 2010. Consistent with this law, the Board of Trustees of the Foundation has a policy requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary plus amounts which are board approved in order to preserve the corpus of the endowment. Currently, the Foundation classifies as permanently restricted net assets (a) the amount that must be retained permanently in accordance with explicit donor stipulations or (b) in the absence of such stipulations, the organization's governing board determines what must be retained (preserved) permanently consistent with the relevant law. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the University and Board's policies and procedures.

The following is the endowment net asset composition by type of fund as of June 30, 2018 and 2017:

	June 30, 2018		
	Temporarily Restricted	Permanently Restricted	Total
Donor – restricted endowment funds	$ 39,534,242	$ 48,694,246	$ 88,228,488
Chair and Professorship endowment funds	15,586,620	49,349,066	64,935,686
Net asset classifications	$ 55,120,862	$ 98,043,312	$153,164,174

	June 30, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Donor – restricted endowment funds	$37,778,562	$ 47,161,344	$ 84,939,906
Chair and Professorship endowment funds	13,343,708	48,396,171	61,739,879
Net asset classifications	$51,122,270	$ 95,557,515	$146,679,785

The following is a recap of changes in endowment balances as of June 30, 2018 and 2017:

	June 30, 2018		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 51,122,270	$ 95,557,515	$146,679,785
Investment return:			
Interest and dividends	2,544,535	-	2,544,535
Net appreciation (realized and unrealized)	6,855,235	-	6,855,235
Contributions and transfers	12,435,468	2,468,434	14,903,902
Appropriation for expenditure	(17,836,646)	17,363	(17,819,283)
Endowment net assets, end of year	$ 55,120,862	$ 98,043,312	$153,164,174

	June 30, 2017		
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 43,811,715	$92,637,096	$136,448,811
Investment return:			
Interest and dividends	2,247,662	-	2,247,662
Net appreciation (realized and unrealized)	10,069,248	-	10,069,248
Contributions and transfers	12,449,629	2,964,127	15,413,756
Appropriation for expenditure	(17,455,984)	(43,708)	(17,499,692)
Endowment net assets, end of year	$ 51,122,270	$95,557,515	$146,679,785

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. These deficiencies usually result from unfavorable market fluctuations that occur over the life of the endowment.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year up to 5% of its endowment fund's temporarily restricted funds at the fiscal year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Foundation and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation

Note 8. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring the following expenses which satisfy the restricted purposes or by occurrence of other events specified by the donors for the years ended June 30, 2018 and 2017:

	2018	2017
Payments to benefit University of Louisiana at Lafayette	$ 14,885,042	$ 13,807,300
Interest expense	88	36,000
Depreciation expense	214,219	214,219
Bad debt expense (recovery)	(99,435)	1,585,334
Investment management fees	2,707,069	1,769,839
Fundraising expenses	3,300	3,000
Professional services	109,000	84,000
	$ 17,819,283	$ 17,499,692

Note 9. Specified Projects – Program Expenses

The following is a detail of amounts paid to benefit the University:

	2018	2017
Alumni Affairs	$ 5,243	$ 37,632
Arts and Humanities	210,003	171,020
Athletics	7,244,960	7,469,439
Business Administration	1,812,461	547,020
Communications and marketing	319,688	-
Dupre library	24,200	-
Education	91,243	73,369
Engineering	979,091	1,168,703
Graduate school	100	-
Liberal Arts	417,574	355,932
Nursing	164,388	186,529
President's office	39,135	-
Research Center	178,264	159,118
Scholarships	1,599,253	1,431,477
Sciences	343,548	362,837
Student affairs	38,778	-
University Art Museum	115,933	134,559
University Services	1,277,314	1,160,106
All others	47,633	993,590
	$ 14,908,809	$ 14,251,331

The Foundation invests and manages donations and endowed funds for the University. These endowed and non-endowed funds are accounted for as either permanently or temporarily restricted based upon donor restrictions. Each year income from endowed funds is allocated and paid to the University for the specific purpose of the endowment. Non-endowed funds (donations) are allocated to the University based upon donor restrictions. All funds allocated to the University are reflected as program service within the statements of activities.

Note 10. Lease Agreement

The Foundation entered into a lease agreement with the University of Louisiana Board of Supervisors in November 1999 to lease the land at 705 East St. Mary Boulevard (the Foundation's office building). The lease is for 99 years at a rental rate of $10 annually.

During the fiscal year ended June 30, 2005, the Foundation entered into a lease agreement with the University of Louisiana Board of Supervisors to lease the land at 710 East St. Mary Boulevard (the University Art Museum). The lease is for 99 years at a rental rate of $10 annually.

Note 11. Disclosure about Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents -

The carrying amount approximates fair value.

Contributions receivable -

Contributions receivable are valued by discounting the expected future cash flows based on one to ten year Treasury note rates as of June 30 of each year. Pledges are assigned a discount rate based on expected payout. The carrying amount reflected in the financial statements represents the estimated fair market value at the end of the year.

Accounts and other receivables -

Accounts and other receivable carrying values approximate fair market value because of their short-term nature.

Investments -

Investments are carried at estimated fair market value within the financial statements.

The following presents the carrying value and estimated fair values of each class of financial instruments as of June 30, 2018 and 2017.

	2018 In Thousands		2017 In Thousands	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS				
Cash and cash equivalents	$ 39,330	$ 39,330	$ 9,349	$ 9,349
Contributions receivable	$ 6,050	$ 6,050	$ 5,574	$ 5,574
Accounts and other receivables	$ 455	$ 455	$ 276	$ 276
Investments	$ 138,831	$ 138,831	$ 164,024	$ 164,024
LIABILITIES				
Notes payable	$ 378	$ 418	$ 399	$ 468

In accordance with FASB ASC 820-10-50-1, the Foundation groups assets and financial liabilities measured at fair value on a recurring basis in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes securities that are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. For example, municipal securities valuations are based on markets that are currently offering similar financial products. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Below is a table that presents information about certain assets measured at fair value on a recurring basis:

		Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices In Active Markets for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Investments measured at net asset value
As of June 30, 2018					
Investments:					
Certificates of deposit	$ 810,005	$ -	$ -	$ 810,005	$ -
Equities	2,459,858	2,459,858	-	-	-
Unit investment trusts and limited partnerships	23,459,386	38,972	-	-	23,420,414
Exchange traded funds	17,651,114	17,651,114	-	-	-
Investment in derivatives					
Derivative assets	39,316	39,316			
Derivative liabilities	(39,316)	(39,316)			
Mutual funds –					
International equities	4,211,128	4,211,128	-	-	-
Domestic equity	7,220,097	7,220,097	-	-	-
Emerging markets – value	2,884,336	2,884,336	-	-	-
Fixed income	20,015,055	20,015,055	-	-	-
Hedge funds and alternatives –					
Distressed opportunities	3,229,791	-	-	-	3,229,791
Natural resources	67,812	-	-	-	67,812
Equity – long/short	11,475,300	-	-	-	11,475,300
Energy related	1,825,246	-	-	-	1,825,246
Private equities	11,843,577	-	-	-	11,843,577
Real estate	2,335,241	-	-	-	2,335,241
Other credit	13,636,169	-	-	-	13,636,169
Multi-strategy	15,706,677	-	-	-	15,706,677
Total investments	$ 138,830,792	$ 54,480,560	$ -	$ 810,005	$ 83,540,227

	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices In Active Markets for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Investments measured at net asset value
As of June 30, 2017					
Investments:					
Certificates of deposit	$ 805,475	$ -	$ -	$ 805,475	$ -
Equities	8,430,992	8,430,992	-	-	-
Unit investment trusts	39,322	39,322	-	-	-
Exchange traded funds	13,447,936	13,447,936	-	-	-
Mutual funds –					
International equities	8,667,575	8,667,575	-	-	-
Domestic equity	16,010,810	16,010,810	-	-	-
Equity index – international	17,103,694	17,103,694	-	-	-
Emerging markets – value	9,692,225	9,692,225	-	-	-
Fixed income	33,648,343	33,648,343	-	-	-
Hedge funds and alternatives –					
Distressed opportunities	1,166,095	-	-	-	1,166,095
Commodity index	1,232,701	1,232,701	-	-	-
Equity – long/short	12,684,157	-	-	-	12,684,157
Energy related	4,038,215	-	-	-	4,038,215
Private equities	5,834,852	-	-	-	5,834,852
Real estate	9,397,561	-	-	-	9,397,561
Multi-strategy	21,823,908	-	-	-	21,823,908
Total investments	$ 164,023,861	$ 108,273,598	$ -	$ 805,475	$ 54,944,788

Investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented are intended to permit the reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The tables below summarize the activity of those items measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Certificates of Deposit
Ending balance – June 30, 2016	$ 2,035,349
Purchases	-
Sales, Redemptions	(1,202,000)
Investment income, gains and losses (realized and unrealized)	(27,874)
Ending balance – June 30, 2017	$ 805,475
Purchases	-
Sales, Redemptions	-
Investment income, gains and losses (realized and unrealized)	4,530
Ending balance – June 30, 2018	$ 810,005

The table below summarizes the fair value and unfunded commitments regarding hedge funds and alternative investments as of June 30, 2018.

	Fair Value	Unfunded Commitments
Distressed opportunities	$ 3,229,791	$ 170,000
Natural resources	67,812	-
Equity – long/short	11,475,300	-
Land resource and energy related	1,825,246	2,127,500
Private equities	11,843,577	4,050,787
Real estate	2,335,241	446,528
Other credit	15,706,677	1,193,170
Multi-strategy	13,636,169	-
	$ 60,119,813	$ 7,987,985

The table below summarizes the terms of the hedge fund investments with respect to lockup periods, redemption frequencies and notice periods as of June 30 2018.

	Lockup Period	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Distressed opportunities	1 - 10+years	Manager discretion	0-90 days
Natural resources	None	Monthly	30 days
Equity – long/short	180 days to 3 years	Monthly, Quarterly, Annual, Manager discretion	0-90 days
Energy related	10+ years	Manager discretion	N/A
Private equities	10+ years	Manager discretion	N/A
Real estate	10+years	Manager discretion	N/A
Multi-strategy	0 – 1 year	Daily, Monthly, Quarterly	1 - 90 days

Distressed opportunities – This category includes an investment in two funds. The funds have direct investments, investments in other hedge funds and private equity vehicles. Both the direct investments and underlying fund investments include securities in companies undergoing financial distress, operating difficulties or restructuring. The objectives of the funds are to invest in a diversified pool of underlying funds to provide the best return. Net asset values are determined by utilizing market quotes on those investments for which they are available and investments in other funds are valued based on the capital accounts in the fund. For those securities where no quotes or capital balances are available they are valued by the general partner based on available information at the date of determination. Net asset values are computed quarterly.

Commodity index – This category included an investment in an exchange traded fund. The fund invests in exchange traded futures on certain commodities including sweet crude oil, heating oil, natural gas, Brent crude, gasoline, gold, silver, aluminum, zinc, copper, wheat, soybeans and sugar, and utilities - infrastructure. Net asset value is determined by the last exchange price on June 30. Net asset values are computed daily.

Equity – long/short – This category includes investments in hedge funds that seeks to generate capital appreciation while maintaining a balanced level of risk by investing in a number of long/short equity based funds as well as other direct investments. Net asset values of the funds are determined by utilizing the latest unaudited or audited financial statements and performance reports of hedge funds in which it invests. Any listed investments are valued at the last sales price on the date of determination. Any investments which are not listed are valued at the mean between the last closing and asked prices as reported in the over the counter market if available. For those investments where there is no quotation the investment is valued at the estimated fair value as determined by the board of directors and investment manager of the fund. Net asset values are computed monthly.

Natural resource and energy related – This category includes investments in funds that seeks to produce attractive absolute returns over the long-term with an emphasis on preservation of capital. Energy related funds attempt to achieve this by investing principally in the marketable securities of issuers of energy-related master limited partnerships, their affiliates, and other midstream or infrastructure energy companies, particularly those participating in the business of operating oil and gas pipelines, terminals and storage facilities. Land resource funds pursue an opportunistic strategy in the areas of agricultural land, timber and other resource related land investments. Net asset values of the fund are determined by utilizing the latest unaudited or audited financial statements and performance reports of various investments in which it invests. Any listed investments are valued at the last sales price on the date of determination. Any investments which are not listed are valued at the mean between the last closing and asked prices as reported in the over the counter market if available. For those investments where there is no quotation the investment is valued at the estimated fair value as determined by the board of directors and investment manager of the fund. Net asset values are computed monthly.

Private equities – This category includes investments in funds whose primary strategy is to build a diversified portfolios of top-performing private equity positions in both funds and direct investments in companies and corporations. Net asset values of the funds are determined by utilizing the latest unaudited or audited financial statements and performance reports of hedge funds in which it invests. Any listed investments are valued at the last sales price on the date of determination. Any investments which are not listed are valued at the last closing bid price (or average of bid prices) last quoted on such date as reported by an established quotation service for over the counter securities. For those investments where there is no quotation the investment is valued at the estimated fair value as determined by the investment manager of the fund based upon relevant factors of the investees such as current financial position, historical operating results, recent sales prices in the same or similar securities. Net asset values are computed monthly.

Real estate – This category includes funds who primarily invest in real estate assets and related businesses including, but not limited to the acquisition of direct interest in real property, formation of joint ventures and other co-investment arrangements for the acquisition of real estate, securities of entities that own or invest in real estate, and sponsorship or investment in real estate investment trusts. The net asset values of these funds are determined based on portfolio valuations utilizing different valuation techniques depending upon the investment involved. Valuation of real estate equity and debt investments are determined by using the method most appropriate which may include (i) capitalization rates applied to stabilized net income (ii) forecast of cash flows based on General Partner analyses of revenues and expenses (iii) independent appraisals (iv) recent sales of comparable assets (v) estimates of replacement costs; and (vi) bona fide offers received from independent third parties. Net asset values are computed quarterly for one fund and monthly for the other.

Other credit – This category includes investment in various funds. The funds primarily invest in debt instruments of private and public companies, U.S. government and municipal securities, mortgage back securities, asset backed securities and provide mezzanine capital to middle market businesses. The net asset values of these funds are determined based on portfolio valuations utilizing different valuation techniques depending upon the investment involved. Market quotes are utilized where available. For those equity and debt securities where prices are not observable, which are generally private investments in equity and debt securities of operating companies, fair value is determined by reference to public market or private transactions for comparable assets. Net asset values are computed on a monthly basis.

Multi–strategy – This category includes investment in various funds. The funds primarily invest in other funds that use a variety of different investment strategies across a wide range of financial instruments including but not limited to fixed income securities, equities, mutual funds, futures, forward and option contracts, physical commodities, distressed securities, swaps and other derivative products. The net asset values of some funds use various inputs including portfolio valuations that are received directly from independent sources. For those assets where no independent sources are available the investment manager determines the fair values by other means which may include obtaining appraisals. Some funds utilize a third party to provide the net asset calculation or rely on the latest unaudited or audited financial statements and performance reports of various investments in which it invests. Any listed investments are valued at the last sales price on the date of determination. For those investments where there is no quotation the fair value is estimated at the net asset value calculated by the fund manager.

During 2018 and 2017, the Foundation also recognized donated property and artworks of $47,950 and $5,500, respectively, at estimated fair value upon date of donation. All of these fair value estimates are considered to be Level 3 valuations under FASB ASC 820-10-50-1.

Note 12. Related Party Transactions

The Foundation had accounts and scholarships payable at June 30, 2018 and 2017 in the amount of $255,975 and $1,861,181, respectively, due to related parties (the University).

In addition, during 2018 and 2017, the Foundation made payments to benefit the University in the amounts of $14,908,809 and $14,251,331, respectively.

Note 13. Commitments and Pledges

During 2013, the Foundation consented to assign and pledge certain unrestricted athletic revenues derived from fundraising, premium seating, sponsorships and other similar sources for the purpose supporting the repayment of bonds issued on November 1, 2013 by the Ragin Cajun Facilities, Inc. The purpose of the bonds are to provide financing for renovations and additions to certain University athletic complexes. This commitment is limited to $400,000 per year until the bonds are paid off in 2044.

During 2016, the Foundation entered into an agreement with Ragin Cajun Facilities, Inc. The Foundation agreed to transfer amounts necessary to Ragin Cajun Facilities, Inc. (the Corporation), in order for the Corporation to meet its loan financial obligations. As part of the agreement, the Foundation agrees that it shall throughout the term of the loan agreements, transfer to the Corporation amounts necessary to service the loan financial obligations not to exceed $1,600,000 for any twelve month period until the loans are paid in full. The amounts transferred shall only come from the available athletic revenues after the $400,000 commitment above. In addition the Foundation granted a present and continuing security interest to the Corporation of all of its rights, title and interest in specific athletic revenues limited to $1,600,000 for each 12 month period following the effective date of the first loan. These specific revenues are limited to 12 unrestricted funds. The loans mature in 2028 and 2044.

Note 14. Reclassifications

Certain reclassifications have been made in the financial statements at June 30, 2017, in order to be consistent with reporting in the current year. These reclassifications had no effect on previously reported net assets or changes in net assets.

Note 15. Subsequent Events

The Foundation evaluated the need for disclosures and/or adjustments resulting from subsequent events through, October 8, 2018, the date the financial statements were available to be issued.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
Years Ended June 30, 2018 and 2017

Agency Head: Julie Bolton Falgout, President/Chief Executive Officer
John Blohm, Chief Executive Officer

There were no compensation, benefits and other payments paid in the years ended June 30, 2018 and 2017 from public funds.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAM
Year Ended June 30, 2018

	Football	Men's Basketball	Women's Basketball	Baseball	Softball	Tennis	Track	Golf	Soccer	Volleyball	Other	Total
Revenues, gains (losses) and other support												
Foundation contributions	$ 167,490	$ 80,910	$ 31,190	$ 1,324,795	$ 112,618	$ 63,790	$ 29,992	$ 124.561	$ 8,793	$ 33,862	$5,831,577	$7,809,578
Interest income	2,683	751	392	7,219	2,326	1,417	446	3,564	-	-	21,190	39,988
Realized gains (losses)	4,773	1,338	734	12,856	4,165	2,522	793	6,385	-	-	37,742	71,308
Unrealized gains (losses)	19,212	5,366	2,820	51,588	16,635	10,163	3,201	25,606	-	-	151,428	286,019
Total revenues, gains (losses) an other support	$ 194,158	$ 88,365	$ 35,136	$ 1,396,458	$ 135,744	$ 77,892	$ 34,432	$ 160,116	$ 8,793	$ 33,862	$6,041,937	$8,206,893
Expenses												
Construction costs	$ 7,152	$ -	$ -	$ 888,579	$ 1,935	$ -	$ -	$ -	$ -	$ -	$ -	$ 897,666
Housing	44,702	-	(356)	-	1,272	-	-	-	-	-	3,587	49,205
Moving expense	78,500	-	-	-	-	773	-	-	-	-	62,128	141,401
Recruiting	544	289	297	3,806	364	247	-	219	-	-	23,866	29,632
Scholarship	241,772	43,558	62,504	46,461	51,250	35,980	105,404	23,564	49,658	35,327	(580,809)	114,669
Tuition	-	-	-	-	-	2,206	-	-	-	-	-	2,206
University services	-	-	-	179,898	-	-	-	-	-	-	150,000	329,898
Automobile	-	-	-	-	-	-	-	114	-	-	12,427	12,541
Labor	-	-	-	-	-	-	-	-	-	4,350	-	4,350
Salary supplement	1,384,218	499,631	21,635	115,373	40,772	10,305	16,097	-	8,980	24,145	361,221	2,482,377
Stipends and honorariums	500	-	-	-	-	240	-	440	-	-	-	1,180
Legal expense – general	200,000	-	-	-	-	-	-	-	-	-	1,500	201,500
Consultants fee	1,250	-	-	-	2,500	-	-	-	-	-	-	3,750
Administrative fees	11,318	4,917	1,904	52,985	7,462	4,843	2,020	7,869	312	1,693	242,048	337,371
Investment management fees	646	181	95	1,737	560	341	107	862	-	-	42,760	47,289
Building repair and maintenance	-	1,744	-	-	-	-	-	-	-	-	-	1,744
Equipment/furniture	62,026	22,121	6,030	134,374	4,386	3,250	4,970	26,915	-	364	34,946	299,382
Equipment repairs and maintenance /lease	35,417	5,224	1,200	1,204	553	799	-	832	-	1,945	19,480	66,654
Other operations supplies	46,733	13,413	3,388	77,908	25,376	1,479	312	13,992	6,208	4,395	174,074	367,278
Technology	-	50	-	-	-	-	-	8,290	-	-	1,250	9,590
Plaques	4,654	606	340	-	-	-	-	-	-	745	366	6,711

(continued)

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAM (CONTINUED)
Year Ended June 30, 2018

	Football	Men's Basketball	Women's Basketball	Baseball	Softball	Tennis	Track	Golf	Soccer	Volleyball	Other	Total
Revenues, gains (losses) and other support												
Printing	80,236	17,899	1,411	350,287	10,145	3,141	-	5,610	3,089	4,845	136,970	613,633
Promotional/entertainment	60,964	35,274	7,420	60,451	66,013	12,286	215	39,885	2,000	11,019	553,367	848,894
Recognition	20,692	4,320	1,028	2,520	17,367	-	-	13,724	1,225	-	24,201	85,077
Donations	-	-	-	-	-	-	-	-	-	-	2,600	2,600
Photography/video	-	-	-	2,750	-	-	-	-	-	-	2,750	5,500
Taxable spousal expense	-	-	-	-	27	-	-	-	-	3	436	466
Fundraising expenses	-	-	-	-	-	-	-	-	-	3,000	300	3,300
Professional service contracts	155,856	750	1,320	71,012	38,860	21,174	-	1,060	325	5,283	222,310	517,950
Seminars and conventions	-	2,000	-	-	-	-	-	309	-	-	(515)	1,794
Travel	12,187	22,808	3,418	69,616	19,659	1,659	10,551	10,734	270	83	82,893	233,878
Education	-	-	-	-	-	-	-	-	-	-	1,863	1,863
Dues and subscriptions	100	769	-	-	-	-	-	1,850	-	-	20,729	23,448
Insurance	-	-	-	-	-	-	-	-	-	-	2,308	2,308
Interest expense	-	-	-	-	-	-	-	73	-	-	-	73
Transfers	-	(449)	-	(6,510)	24,009	300	-	22,000	-	-	555,680	595,030
Total expenses	$ 2,449,467	$ 675,105	$ 111,634	$ 2,052,451	$ 312,510	$ 99,023	$ 139,676	$ 178,342	$ 72,067	$ 97,197	$2,154,736	$8,342,208
Excess (deficiency) of revenues, gains, (losses) and other support over (under) expenses	$ (2,255,309)	$ (586,740)	$ (76,498)	$ (655,993)	$ (176,766)	$ (21,131)	$ (105,244)	$ (18,226)	$ (63,274)	$ (63,335)	$3,887,201	$ (135,315)

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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 Trustees of
University of Louisiana
at Lafayette Foundation, Inc.
Lafayette, Louisiana

We have audited, 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, the financial statements of the University of Louisiana at Lafayette Foundation, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated October 8, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation'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 over financial reporting 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 the Foundation's 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Broussard, Poche LLP

Lafayette, Louisiana
October 8, 2018

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2018

We have audited the financial statements of University of Louisiana at Lafayette Foundation, Inc. as of and for the year ended June 30, 2018, and have issued our report thereon dated October 8, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2018 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses	__ Yes _X_ None Reported
Control deficiencies identified that are not considered to be material weaknesses	__ Yes _X_ None Reported

Compliance

Compliance Material to Financial Statements _ Yes X No

Section II - Financial Statement Findings

None reported.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF PRIOR FINDINGS
For the Year Ended June 30, 2018

Section I. Internal Control and Compliance Material to the Financial Statements

None noted.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.