

***University of New
Orleans Foundation***

*Financial Statements and Additional
Information for the Year Ended June 30,
2007, and Independent Auditors' Report*

UNIVERSITY OF NEW ORLEANS FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
University of New Orleans Foundation
New Orleans, Louisiana

We have audited the accompanying statement of financial position of the University of New Orleans Foundation (the "Foundation") as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2007, and the changes in its net assets and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2007, 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* and should be considered in assessing the results of our audit.

Deloitte & Touche LLP

September 4, 2007

**UNIVERSITY OF NEW ORLEANS FOUNDATION
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2007**

ASSETS

Current Assets

Cash and cash equivalents	\$ 1,182,415
Restricted cash	
Investments	
Accrued interest receivable	
Accounts receivable, net	1,025,620
Unconditional promises to give, net	320,354
Inventories	12,669
Deferred charges and prepaid expenses	40,129
Notes receivable	
Cash restricted for debt service	
Other current assets	1,060
Total current assets	<u>2,582,247</u>

Noncurrent Assets

Restricted assets:	
Cash and cash equivalents	
Investments	55,686,762
Investments	
Unconditional promises to give, net	610,578
Notes receivable	
Property and equipment, net	11,942,228
Assets under capital leases, net	719,691
Other noncurrent assets	116,611
Total noncurrent assets	<u>69,075,870</u>

Total assets

\$ 71,658,117

LIABILITIES

Current Liabilities

Accounts payable and accrued liabilities	\$ 578,510
Deferred revenues	
Amounts held in custody for others	766,988
Compensated absences payable	
Capital lease obligations	37,505
Current portion of notes payable	2,928,169
Current portion of bonds payable	118,000
Other current liabilities—due to University	391,340
Total current liabilities	<u>4,820,512</u>

Noncurrent Liabilities

Amounts held in custody for others	15,737,464
Compensated absences payable	
Capital lease obligations, net of current portion	682,217
Notes payable, net of current portion	
Bonds payable, net of current portion	1,389,000
Other noncurrent liabilities	
Total noncurrent liabilities	<u>17,808,681</u>

Total liabilities

22,629,193

NET ASSETS

Unrestricted	3,342,266
Temporarily restricted	10,205,404
Permanently restricted	35,481,254
Total net assets	<u>49,028,924</u>

Total Liabilities and Net Assets

\$ 71,658,117

See Notes to financial statements.

**UNIVERSITY OF NEW ORLEANS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Changes in unrestricted net assets:

Contributions	\$ 123,947
Investment earnings	804,634
Service fees	1,087,318
Grants and contracts	
Other revenues	1,162,824
Total unrestricted revenues	<u>3,178,723</u>
Net assets released from restrictions:	
Satisfaction of program expenses	<u>4,347,825</u>
Total unrestricted revenues and other support	<u>7,526,548</u>

Expenses:

Amounts paid to benefit University of New Orleans for:	
Projects specified by donors	
Projects specified by the Board of Directors	
Other:	
Grants and contracts	
Property operations	498,236
Other	4,501,678
Total program expenses	<u>4,999,914</u>

Supporting services:

Salaries and benefits	913,998
Occupancy	110,387
Office operations	15,676
Travel	1,795
Professional services	1,994,912
Dues and subscriptions	11,123
Meetings and development	29,494
Depreciation	248,765
Provision for uncollectible accounts	
Loss on sale of assets	
Other	256,471
Total supporting services	<u>3,582,621</u>

Total expenses

8,582,535

Decrease in unrestricted net assets

(1,055,987)

Changes in temporarily restricted net assets:

Contributions	2,443,969
Grants	329,927
Investment earnings	4,991,960
Other	344,893
Total temporarily restricted revenues	<u>8,110,749</u>
Net assets released from restrictions:	
Satisfaction of program expenses	(4,347,825)
Transfer of restricted earnings to permanently restricted endowment principal	<u>(2,079,063)</u>

Increase in temporarily restricted net assets

1,683,861

Changes in permanently restricted net assets:

Contributions	1,862,550
Investment earnings	7,483
Transfer of restricted earnings to permanently restricted endowment principal	2,079,063
Other	4,876

Increase in permanently restricted net assets

3,953,972

Increase in net assets

4,581,846

Net assets at beginning of year

44,447,078

Net assets at end of year

\$ 49,028,924

See Notes to financial statements.

UNIVERSITY OF NEW ORLEANS FOUNDATION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2007

OPERATING ACTIVITIES:

Increase in net assets	\$ 4,581,846
Adjustments to reconcile change in net assets to cash used in operating activities:	
Depreciation and amortization	248,765
Realized gain on investments—net	(8,687,758)
Unrealized loss on investments—net	4,203,593
Restricted contributions received	(4,306,519)
Changes in assets and liabilities:	
Accounts receivable	12,915
Unconditional promises to give	265,757
Other assets	(6,066)
Accounts payable and accrued expenses and other liabilities	<u>(2,209,036)</u>
Net cash used in operating activities	<u>(5,896,503)</u>

INVESTING ACTIVITIES:

Capitalized costs of improvements to property and equipment	(498,168)
Net decrease in investments	1,151,310
Increase in amounts held in custody for others - noncurrent	<u>2,246,709</u>
Net cash provided by investing activities	<u>2,899,851</u>

FINANCING ACTIVITIES:

Contributions for permanently restricted net assets	1,862,550
Contributions for temporarily restricted net assets	2,443,969
Repayment of notes payable, bonds payable, and capital lease obligation	<u>(146,075)</u>
Net cash provided by financing activities	<u>4,160,444</u>

INCREASE IN CASH	1,163,792
CASH AND CASH EQUIVALENTS—Beginning of year	<u>18,623</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 1,182,415</u>

See notes to financial statements.

UNIVERSITY OF NEW ORLEANS FOUNDATION

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The University of New Orleans Foundation (the “Foundation”), a registered non-profit corporation, 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.

The financial statements of the Foundation have been prepared on the accrual basis. The significant accounting policies followed in the preparation of the accompanying financial statements are described below:

Basis of Presentation—The Foundation follows the provisions of Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements of Not-for-Profit Organizations*, which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and the classifications of resources into three separate classes of net assets as follows:

- **Unrestricted**—Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- **Temporarily Restricted**—Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations.
- **Permanently Restricted**—Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

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 collectibility.

Investments—Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for Profit Organizations*, in the statement of financial position. Income or loss on investments, including realized and unrealized gains and losses on investments, interest and dividends, are allocated equitably 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.

Real Estate—Real estate is held for investment, development or sale purposes and is recorded at cost or fair market value on the date donated. Depreciation of real estate (excluding land) is calculated on the

straight-line basis ranging from 28.5 years to 40 years. Certain real estate investments are being actively marketed for sale.

Plant Assets and Depreciation—Assets acquired are stated at cost, net of accumulated depreciation. Assets donated are carried at fair market value on date of donation, net of accumulated depreciation. Depreciation of buildings, furnishings and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis ranging from three years to seven years for vehicles and equipment to 40 years for buildings.

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. There were no impairments of long-lived assets recorded by management during fiscal 2007.

Amounts Held in Custody for Others—Amounts held in custody for others represent funds held in trust for others. These amounts are not owned by the Foundation (see Note 11). The Foundation considers all matching funds and unexpended income from these funds as amounts held in custody for others.

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

Fundraising Expenses—All expenses associated with fundraising activities are expensed as incurred, including any expenses related to fundraising appeals in a subsequent year. For the year ended June 30, 2007, total supporting services expenses related to fundraising were \$356,418.

Income Taxes—Income taxes have not been provided for in the 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.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Legal Matters—The Foundation is involved in litigation proceedings concerning a dispute over a lease of property in downtown New Orleans. Arbitration proceedings have been completed, no decision has

been rendered, and the eventual outcome resulting has not been determined. Management is of the opinion that the outcome of these matters will not have a material effect on the financial position, results of operations, or cash flows of the Foundation.

Recent Accounting Pronouncements—In July 2005, the Financial Accounting Standards Board (“FASB”) issued Interpretation No. 48 (“FIN 48”), *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, “Accounting for Income Taxes.” FIN 48 provides guidance on, among other things, the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Foundation has not completed the process of evaluating the impact that will result from adopting FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, and is therefore unable to disclose the impact that adopting FIN 48 will have on its financial position, changes in net assets, and cash flows when such statement is adopted.

2. INVESTMENTS

Investments are composed of the following at June 30, 2007:

	Market
Corporate stocks	\$22,374,470
Mutual funds—equities	12,123,421
U.S. government obligations	11,315,215
Corporate bonds	4,049,827
Money market funds	2,907,312
Insurance contracts	<u>2,916,517</u>
	<u>\$55,686,762</u>

Investments are reported in the accompanying statement of financial position as restricted investments—noncurrent and amount to \$55,686,762 at June 30, 2007.

Investment income is reported net of investment expenses in the accompanying financial statements. Net investment income is comprised of the following at June 30, 2007:

Interest and dividends	\$1,361,511
Realized gains	8,687,758
Unrealized losses—net	(4,203,593)
Investment expenses	<u>(41,599)</u>
	<u>\$5,804,077</u>

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are included in the financial statements as unconditional promises to give and revenue of the appropriate net asset category and are stated at fair value based on the discounted present value of expected future cash flows.

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

In one year or less	\$ 330,854
Between one year and five years	839,875
More than five years	<u>100,000</u>
	1,270,729
Less present value discount of \$175,515 (5% discount rate) and allowance for uncollectible pledges of \$164,282	<u>(339,797)</u>
	<u>\$ 930,932</u>

Contributions receivable at June 30, 2007, have the following restrictions:

Temporarily restricted by donor imposed stipulations for university programs, activities, and building construction	\$ 571,345
Endowment for university programs and activities	<u>359,587</u>
	<u>\$ 930,932</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following components at June 30, 2007:

Real estate held for investment, development, or sale	\$ 11,063,436
Plant assets	<u>878,792</u>
	<u>\$ 11,942,228</u>

5. REAL ESTATE HELD FOR INVESTMENT, DEVELOPMENT OR SALE

In November 1993, the Foundation acquired by donation a 120,000 square foot office building located in downtown New Orleans originally valued at approximately \$2.4 million and has a net book value at June 30, 2007 of \$2.0 million. The building was subsequently upgraded to house the University of New Orleans Technology Enterprise Center. Prior to Hurricane Katrina which struck the metropolitan area in August 2005, the University and other state agencies occupied approximately 78% of the building, non-profits occupied 3% and small and/or minority businesses occupied the remaining 19% in a business incubator for new and growing businesses. As a result of hurricane related damages, the building was vacant during fiscal 2006 and 2007. All repairs are expected to be funded by insurance. The property is classified as held for sale at June 30, 2007. Management has evaluated this property for impairment and based on this evaluation believes that there is no impairment in the net book value at June 30, 2007.

On December 30, 1994, the Foundation purchased a complex of buildings in the Lee Circle area of downtown New Orleans from a private company. The properties were purchased for \$3.2 million, which was entirely financed by a local bank. The seller of the properties is leasing back a portion of the available space to use as corporate offices for \$32,522 per month through 2019, periodically adjusted for increases or decreases in the prevailing rate of a five year treasury note. Most of the remainder of the property will be used for the Ogden Museum of Southern Art ("Museum") and to support the teaching mission of the UNO Fine Arts Department. A capital campaign is being conducted to raise the necessary funds to complete development of these properties by the Ogden Museum of Southern Art,

Inc., a separate 501(c)(3) corporation created to operate and support the Museum (the "Museum Board"). During September 2004, the Foundation amended a lease agreement related to certain Lee Circle properties and received an advance lease payment of \$600,000 with the understanding that title to that property would transfer to the lessee at some time prior to 2014. As a result of the terms, the advance lease payment was characterized as a sale for financial reporting purposes during the fiscal year ended June 30, 2005.

The Ogden Museum project has been segregated into two phases: Goldring Hall and the Patrick F. Taylor Memorial Library, both of which will be used as art exhibition facilities. Goldring Hall was constructed using a combination of grants from the State of Louisiana and private funds. During 1999, the Foundation transferred to the University land held for the Ogden Museum development with a carrying value of \$322,025 and funds of \$2,418,000 representing amounts previously collected from donors to fund the Museum's development. Goldring Hall opened on August 23, 2003.

The Patrick F. Taylor Memorial Library ("Taylor Library") phase of the Ogden Museum is being financed with private funds. Through June 30, 2003, the Foundation had expended \$3,582,170 in construction related costs to renovate this historic building. Work on the renovation was suspended in 2003 to allow for the securing of additional private funding to complete the project. A separate board to govern the Ogden Museum, the Museum Board, is functioning and the Foundation is no longer funding or operating the Museum. Pursuant to an operating agreement between the Foundation and the Museum Board, the Foundation makes the Taylor Library available to the Museum Board for completion of renovations by the Museum Board. As a result of delays in obtaining additional contributions to fund improvements and further delays due to Hurricane Katrina which caused the Ogden Museum to suspend operations for approximately six months, no additional expenditures have been made on the Taylor Library since 2003, nor has it been placed in service on a full time basis. The Taylor Library, however, partially opened to the public for exhibitions in fiscal 2007. Despite its incomplete status, management of the Foundation believes there is no impairment in the carrying value of the Taylor Library.

In December 1996, an act of donation was executed whereby a collection of artwork was donated to the Foundation contingent on completion of an appropriate Museum structure to showcase the artwork. The donor is to maintain custody of the artwork until the Ogden museum is completed. The donor agreed to maintain insurance against loss or damage of the artwork, designating the Foundation as the named insured. A significant portion of the donor's artwork has been loaned to the Museum for display in the Goldring Hall portion of the Museum. In 2004, the Foundation and the donor modified their understanding to clarify that the remainder of the artwork would be donated and title would be transferred by fiscal 2007, assuming that the Taylor Library has been completed by that time and the tunnel connecting the Taylor Library to Goldring Hall is then operational. As of June 30, 2007, the fair value of the artwork has not been established and the Taylor Library remains incomplete. Due to the conditional nature of the gift, no amount has been recorded in the financial statements related to this gift.

During November 2003, the Foundation entered into an agreement to lease certain real estate located between Goldring Hall and the Taylor Library to a third party for no rent for ten years. The Foundation intends to make this real estate available to the Museum Board in order for the Museum Board to build a tunnel connecting the two exhibition facilities within the Ogden Museum: Goldring Hall and the Taylor Library. At the earlier of the tunnel being completed or the end of the lease term, the ownership of the real estate will be transferred to the third party at no cost to the third party. Work on the tunnel is expected to commence in fiscal 2008. The Foundation will retain and make available to the Museum Board a right of access to the tunnel portion of the property. Since the Foundation will receive no

annual rent or cash proceeds for the real estate, the net book value of the real estate of \$400,923 was written-off at June 30, 2004.

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 named the building the Robert E. Nims Center for Entertainment Arts (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 7). 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.

In August 2005, the Foundation acquired by donation a 73,152 square foot building adjacent to the Nims Center which was originally valued at approximately \$1.5 million. The donor donated one-half of the building to the Foundation and irrevocably pledged the transfer and donation of the other half of the building to the Foundation at the end of the lease term, which is August 2010, or the passing of the donor, whichever is earlier. The Foundation is leasing one-half of the building from the donor for five years for a nominal amount. As of June 30, 2007, one-half of the donation was recorded as an unrestricted contribution and the remaining half of the donation was recorded as a temporarily restricted contribution due to the donor-imposed stipulation that expires with the passage of time.

At June 30, 2007, real estate held for investment, development, or sale consists of the following:

Technology Enterprise Center	\$ 2,953,950
Nims Center	4,746,777
Lee Circle Properties:	
Taylor Library—construction in progress	3,582,170
Land and commercial buildings	<u>1,719,700</u>
	13,002,597
Less accumulated depreciation	<u>(1,939,161)</u>
	<u>\$ 11,063,436</u>

Depreciation expense for the year ended June 30, 2007 totaled \$323,948.

6. PLANT ASSETS AND DEPRECIATION

At June 30, 2007, plant assets consisted of the following:

Land	\$ 129,000
Buildings	373,156
Equipment	1,138,176
Vehicles	<u>20,757</u>
	1,661,089
Less accumulated depreciation	<u>(782,297)</u>
	<u>\$ 878,792</u>

Depreciation expense on plant assets for the year ended June 30, 2007 totaled \$14,817.

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.

7. NOTES AND BONDS PAYABLE

Notes and bonds payable at June 30, 2007, consist of the following:

Note payable to a bank, payable in full in March 2008. The note bears interest at a variable rate (8.25% at June 30, 2007) and is secured by certain real estate held for investment, development or sale (Note 5)	\$ 2,928,169
Bond payable to a bank, interest is payable semi-annually, principal is due in annual installments ranging from \$118,000 to \$188,000. A portion of the principal balance totaling \$851,000 bears interest at 5.3%. The remaining portion bears interest at 7.5%. These bonds are secured by land and building related to the film studio (Note 5)	<u>1,507,000</u>
Total	4,435,169
Less amounts payable currently	<u>3,046,169</u>
Long-term portion	<u>\$ 1,389,000</u>

Annual maturities of debt are as follows:

Years Ending June 30	Amount
2008	\$ 3,046,169
2009	124,000
2010	131,000
2011	138,000
2012	145,000
Thereafter	<u>851,000</u>
Total	<u>\$ 4,435,169</u>

Interest paid during 2007, all of which was charged to operations, was \$357,567.

8. CAPITALIZED LEASES

The Foundation leases building equipment under long-term leases. Future minimum payments for capitalized leases as of June 30, 2007, are as follows:

Years Ending June 30	
2008	\$ 81,444
2009	81,444
2010	81,444
2011	46,116
2012	49,391
Subsequent to 2012	<u>503,434</u>
Total minimum lease payments	843,273
Lease amount representing interest	<u>(123,551)</u>
Present value of minimum lease payments	719,722
Less amounts payable currently	<u>37,505</u>
Long-term portion	<u>\$ 682,217</u>

At June 30, 2007, the net book value of assets recorded under capital leases amounted to:

Building equipment	\$ 968,626
Less accumulated amortization	<u>(248,935)</u>
	<u>\$ 719,691</u>

The related building equipment is a component of the University of New Orleans Technology Enterprise Center (see Note 5).

9. NET ASSETS

Temporarily and permanently restricted net assets are restricted to the following at June 30, 2007:

Temporarily restricted:	
Building funds	\$ 2,618,920
Scholarships	1,294,476
Faculty—salary supplements	90,140
Research	616,778
Educational studies program	2,248,906
Departmental development	<u>3,336,184</u>
Total temporarily restricted	<u>\$ 10,205,404</u>
Permanently restricted:	
Scholarships	\$ 3,063,224
Faculty—salary supplements	4,234,926
Research	13,225,406
Educational studies program	13,324,588
Departmental development	<u>1,633,110</u>
Total permanently restricted	<u>\$ 35,481,254</u>

10. NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions during fiscal year 2007 by incurring expenses satisfying the restricted purposes specified by donors as set forth below:

Purpose restrictions accomplished:	
Program services	\$ 4,000,806
Fund raising	45,000
Equipment purchases	<u>302,019</u>
	<u>\$ 4,347,825</u>

11. THE LOUISIANA ENDOWMENT TRUST FUND FOR EMINENT SCHOLARS

One of the Foundation's primary objectives is to raise funds to provide endowed professorships and chairs 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 and endowed chairs at \$1,000,000, with the State 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. Investment earnings on such funds which are unspent in a given year are transferred back to permanently restricted net assets for reinvestment to benefit future periods. Funds are pooled for investment purposes in the Foundation, but the State's 40% match is recognized as a liability to the University under the caption "Amounts Held in Custody For Others." The amount held in custody for others in noncurrent liabilities at June 30, 2007, that was attributable to the Eminent Scholars Program was \$15,737,464.

12. PROGRAM EXPENSES

Program expenses during the year ended June 30, 2007, were incurred for:

	Program Support	Property Operations	Total Expenses
Transfer to University/Alumni	\$ 1,846,028	\$	\$ 1,846,028
Interest expense		126,730	126,730
Contract services	484,536	48,115	532,651
Official functions (entertainment)	168,438	73	168,511
Personnel costs	287,396	131,362	418,758
Property maintenance and rent	86,078	136,590	222,668
Office supplies and services	(44,453)	12,014	(32,439)
Professional fees	424,080	14,235	438,315
Utilities	34,841	29,117	63,958
Other miscellaneous expenses	<u>1,214,734</u>	<u> </u>	<u>1,214,734</u>
	<u>\$4,501,678</u>	<u>\$498,236</u>	<u>\$4,999,914</u>

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

13. RELATED PARTY TRANSACTIONS

The Foundation administers the financial assets and maintains the financial records of the UNO International Alumni Association, the Privateer Athletic Foundation, the UNO Property and Housing Development Foundation, and other entities affiliated with the University. Amounts held in custody for others included in current liabilities amounting to \$766,988 at June 30, 2007, 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. The Foundation also provides certain services to the University. Included in expenses for 2007 is \$2,054,432 which represents reimbursements due to the University. At June 30, 2007, funds due to the University totaled \$391,340 and funds due from the University totaled \$90,495.

Additionally, the Foundation provides certain accounting and administrative services to the University of New Orleans Research and Technology Foundation, which is an affiliated entity. Included in revenues for 2007 is \$429,343 related to these services. At June 30, 2007, funds due from the University of New Orleans Research and Technology Foundation totaled \$180,281.

During fiscal 2004, the administrative support activities for the operations of the Ogden Museum were transferred to the Museum Board (see Note 5). At June 30, 2007, the Foundation had receivables from the Museum Board totaling \$200,807 relating to fiscal 2004 which were fully reserved for during 2006. This estimate is based on the Foundation's consideration of factors such as past payment experience with the Museum, any known financial restrictions, and general economic conditions.

14. HURRICANE KATRINA

On August 29, 2005, Hurricane Katrina struck the New Orleans metropolitan area causing unprecedented damages attributable to the storm and subsequent flooding due to the levee failures. The University curtailed operations at the beginning of the fall semester of 2005 and reopened from remote locations during the fall semester. The University moved back to the main campus in January 2006 albeit with a smaller student body. The repopulation of the metropolitan area has progressed slowly with authorities estimating in June 2007 that population in the metropolitan area at that time approximated 83% of pre-Katrina levels. As a result of the disruption caused by the hurricane, both in terms of the Foundation staffing and activities as well as the University's traditional benefactors and alumni, the pace of fundraising and development activities continues to be severely impacted in fiscal 2007.

Some of the Foundation's properties were damaged as result of the hurricane and related flooding. The properties are insured by the State of Louisiana Office of Risk Management ("ORM") and management expects to recover nearly all of the cost of repairing the facilities. During the repair phase, no rents are being received on the properties and some tenants were ultimately lost to relocation. Most of the hurricane repairs to the Technology Enterprise Center building have been completed. Due to the relocation of former tenants, the Foundation has listed the building for sale.

* * * * *

ADDITIONAL INFORMATION



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INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION

To the Board of Directors of
University of New Orleans Foundation
New Orleans, Louisiana

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information on pages 18 through 26 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information was prepared to provide the LSU System with the Foundation's Supporting Footnotes and Schedules in an alternative format to meet the requirements of the Office of Statewide Reporting and Accounting Policy and such information is not a required part of the basic financial statements. This additional information is the responsibility of the Foundation's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Deloitte & Touche LLP

September 4, 2007

UNIVERSITY OF NEW ORLEANS FOUNDATION

SUPPORTING FOOTNOTES AND SCHEDULES OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY FORMAT AS OF AND FOR THE YEAR ENDED JUNE 30, 2007

The following footnotes and schedules are presented at the request of the LSU System to facilitate the presentation of combined financial statements in conformity with requirements of the Office of Statewide Reporting and Accounting Policy. The information presented does not purport to present all disclosures necessary for a full understanding of the Foundation's financial condition and changes in its net assets. The basic financial statements on pages 2 through 15 should be reviewed for a more complete understanding.

NOTE A.15 DESCRIPTION OF FOUNDATION

The University of New Orleans Foundation is a legally separate, tax exempt organization supporting the LSU System, specifically the following campus: University of New Orleans. This Foundation was included in the University's financial statements because its assets had equaled 3% or more of the assets of the university system it supports.

During the year ended June 30, 2007, the University of New Orleans Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amount of \$4,501,678.

Complete financial statements for the University of New Orleans Foundation can be obtained from 2021 Lakeshore Drive, Suite 307, New Orleans, LA 70122 or from the Foundation's website at: www.unofoundation.org.

The University of New Orleans Foundation is a nonprofit organization that reports under Financial Accounting Standards Board ("FASB") standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board ("GASB") revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information in the University's financial report for these differences.

17. RESTRICTED NET ASSETS

	University of New Orleans Foundation
Temporarily restricted:	
Chairs and professorships	\$
Scholarships and fellowships	1,294,476
Specific academic and research projects	
Academic support	3,336,184
Capital outlay and improvements	
Research support	616,778
Institutional support	
Faculty—salary supplements	90,140
Donor restrictions	
Restricted contributions receivable	
Restricted accounts payable	
Building funds	2,618,920
Educational studies program	<u>2,248,906</u>
 Total temporarily restricted	 <u>10,205,404</u>
Permanently restricted:	
Chairs and professorships	25,226,195
Scholarships and fellowships	2,544,237
Specific academic and research projects	
Academic support	1,633,110
Capital outlay and improvements	
Research support	3,349,172
Institutional support	
Endowment funds	
Educational studies program	2,728,439
Faculty—salary supplements	<u> </u>
 Total permanently restricted	 <u>\$35,481,153</u>

26. AMOUNTS HELD IN CUSTODY FOR OTHERS

Entity	Balance at June 30, 2007
State matching funds	\$ 15,737,464
Various affiliated organizations	<u>766,988</u>
 Total temporarily restricted	 <u>\$ 16,504,452</u>

NOTE E. CAPITAL ASSETS

SCHEDULE OF CAPITAL ASSETS
(schedule includes capital leases)

	Balance 6/30/2006	Prior Period Adjustment	Restated Balance 6/30/2006	Additions	Transfers	Retirements	Balance 6/30/2007
Capital assets not being depreciated							
Land	\$ 3,504,644	\$	\$ 3,504,644	\$	\$	\$	\$ 3,504,644
Non-depreciable land improvements	-						
Capitalized collections	-						
Livestock	-						
Construction in progress	114,389		114,389		(114,389)		
Total capital assets not being depreciated	<u>\$ 3,619,033</u>	<u>\$</u>	<u>\$ 3,619,033</u>	<u>\$</u>	<u>\$ (114,389)</u>	<u>\$</u>	<u>\$ 3,504,644</u>
Other capital assets							
Infrastructure	\$ -	\$	\$	\$	\$	\$	\$
Less accumulated depreciation	-						
Total infrastructure	-						
Depreciable land improvements	-						
Less accumulated depreciation	-						
Total land improvements	-						
Buildings	10,830,622		10,830,622	141,157			10,971,779
Less accumulated depreciation	(2,045,899)		(2,045,899)	(147,172)			(2,193,071)
Total buildings	<u>8,784,723</u>		<u>8,784,723</u>	<u>(6,015)</u>			<u>8,778,708</u>
Equipment	719,267		719,267	357,011	114,389		1,190,667
Less accumulated depreciation	(710,507)		(710,507)	(101,593)			(812,100)
Total equipment	<u>8,760</u>		<u>8,760</u>	<u>255,418</u>	<u>114,389</u>		<u>378,567</u>
Library books	-						
Less accumulated depreciation	-						
Total library books	-						
Total other capital assets	<u>\$ 8,793,483</u>	<u>\$</u>	<u>\$ 8,793,483</u>	<u>\$ 249,403</u>	<u>\$ 114,389</u>	<u>\$</u>	<u>\$ 9,157,275</u>
Capital Asset Summary:							
Capital assets not being depreciated	\$ 3,619,033	\$	\$ 3,619,033	\$	\$ (114,389)	\$	\$ 3,504,644
Other capital assets, at cost	11,549,889		11,549,889	498,168	114,389		12,162,446
Total cost of capital assets	15,168,922		15,168,922	498,168			15,667,090
Less accumulated depreciation	(2,756,406)		(2,756,406)	(248,765)			(3,005,171)
Capital assets, net	<u>\$ 12,412,516</u>	<u>\$</u>	<u>\$ 12,412,516</u>	<u>\$ 249,403</u>	<u>\$</u>	<u>\$</u>	<u>\$ 12,661,919</u>

NOTE I. BONDS & NOTES PAYABLE & CAPITAL LEASES

	Balance June 30, 2006	Additions	Reductions	Balance at June 30, 2007	Amounts due within one year
Bonds & notes payable & capital leases:					
Bonds payable	\$ 1,618,000	\$	\$ 111,000	\$ 1,507,000	\$ 118,000
Notes payable	2,928,169			2,928,169	2,928,169
Total bonds and notes payable	<u>4,546,169</u>	<u></u>	<u>111,000</u>	<u>4,435,169</u>	<u>3,046,169</u>
Other liabilities:					
Compensated absences payable	-				
Capital lease obligations	754,797		35,075	719,722	37,505
Claims and litigation payable					
Amounts held in custody for others	15,234,501	1,269,951		16,504,452	766,988
Contracts payable	-				
Reimbursement contracts payable					
Total other liabilities	<u>15,989,298</u>	<u>1,269,951</u>	<u>35,075</u>	<u>17,224,174</u>	<u>804,493</u>
Total long-term liabilities	<u>\$ 20,535,467</u>	<u>\$ 1,269,951</u>	<u>\$ 146,075</u>	<u>\$ 21,659,343</u>	<u>\$ 3,850,662</u>

NOTE P. CAPITAL LEASES

<u>Nature of lease</u>	<u>Date of lease</u>	<u>Amount of leased assets (historical cost)</u>	<u>Last payment date</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space		\$		\$	\$
b. Equipment	03/01/00	968,626	10/01/19	123,551	719,722
c. Land					
Total assets under cap. lease		\$ 968,626		\$ 123,551	\$ 719,722

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2007.

Year ending June 30:

2008	81,444
2009	81,444
2010	81,444
2011	46,116
2012	49,391
2013-2017	305,026
2018-2022	198,408
2023-2027	
Total minimum lease payments	843,273
Less: amounts representing executory costs	
Net minimum lease payments	843,273
Less: amounts representing interest	123,551
Present value - net minimum lease payments	719,722

SCHEDULE 1-A BONDS PAYABLE

STATE OF LOUISIANA

Louisiana State University System
 University of New Orleans Foundation
 SCHEDULE OF BONDS PAYABLE
 June 30, 2007

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/06	(Redeemed) Issued	Principal Outstanding 6/30/07	Interest Rates	Interest Outstanding 6/30/07
Regions Bank	07/11/01	2,000,000	1,618,000	(111,000)	\$ 1,507,000	ranging from 5.3% to 7.5%	\$ 33,280
Total		<u>\$ 2,000,000</u>	<u>\$ 1,618,000</u>	<u>\$ (111,000)</u>	<u>\$ 1,507,000</u>		<u>\$ 33,280</u>

SCHEDULE 1-C NOTES PAYABLE

STATE OF LOUISIANA

Louisiana State University System
 University of New Orleans Foundation
 SCHEDULE OF NOTES PAYABLE
 June 30, 2006

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/06	(Redeemed) Issued	Principal Outstanding 6/30/07	Interest Rates	Interest Outstanding 6/30/07
Whitney National Bank	Mar-04	5,450,000	2,928,169		\$ 2,928,169	8.25%	\$ 6,115
Total		<u>\$ 5,450,000</u>	<u>\$ 2,928,169</u>	<u>\$</u>	<u>\$ 2,928,169</u>		<u>\$ 6,115</u>

SCHEDULE 2-A BONDS PAYABLE AMORTIZATION

University of New Orleans Foundation

Schedule of Bonds Payable Amortization
for the Year Ended June 30, 2007

Fiscal Year Ending	Principal	Interest	Total
2008	\$118,000	\$76,744	\$194,744
2009	124,000	70,331	194,331
2010	131,000	63,574	194,574
2011	138,000	56,445	194,445
2012	145,000	48,946	193,946
2013	153,000	41,049	194,049
2014	161,000	32,728	193,728
2015	170,000	23,956	193,956
2016	179,000	14,708	193,708
2017	188,000	4,982	192,982
2018			0
2019			0
2020			0
TOTAL	\$1,507,000	\$433,463	\$1,940,463

List the terms by which interest rate changes for variable-rate debt:

A portion of the principal balance totaling \$851,000 currently bears interest at 5.3%. Such rate is subject to readjustment at August 1, 2011 at a discount from a specified index rate.

SCHEDULE 2-B NOTES PAYABLE AMORTIZATION

University of New Orleans Foundation

Schedule of Notes Payable Amortization
for the Year Ended June 30, 2007

Fiscal Year Ending		Principal		Interest		Total
2008	\$	2,928,169	\$	187,220	\$	3,115,389
2009						
2010						
2011						
2012-2016						
2017-2021						
2022-2026						
2027-2031						
2032-2036						
TOTAL	\$	2,928,169	\$	187,220	\$	3,115,389

List the terms by which interest rate changes for variable-rate debt:

The variable rate changes monthly based on the prime rate.

SCHEDULE 2-C CAPITAL LEASE AMORTIZATION

University of New Orleans Foundation

SCHEDULE OF CAPITAL LEASE AMORTIZATION For the Year Ended June 30, 2007

Fiscal Year Ending	Beginning Balance	Payment	Interest	Principal	Balance
2008	\$ 719,722	\$ 81,444	\$ 43,939	\$ 37,505	\$ 682,217
2009	682,217	81,444	41,231	40,213	642,004
2010	642,004	81,444	38,381	43,063	598,941
2011	598,941	46,115		46,115	552,826
2012	552,826	49,391		49,391	503,435
2013-2017	503,435	305,026		305,026	198,409
2018-2022	198,409	198,409		198,409	-
2023-2027		-			-
2028-2032		-			-
2033-2037					
TOTAL		\$ 843,273	\$ 123,551	\$ 719,722	

SUPPLEMENTAL SCHEDULES



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULES

To the Board of Directors of
University of New Orleans Foundation
New Orleans, Louisiana

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 29 through 34 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. These schedules are the responsibility of the Foundation's management. The supplemental schedules on pages 29-32 have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole. The supplemental schedules on pages 33 through 34 have not been subjected to the auditing procedures applied in our audits of the basic financial statements and, accordingly, we express no opinion on them.

Deloitte & Touche LLP

September 4, 2007

UNIVERSITY OF NEW ORLEANS FOUNDATION

SUPPLEMENTAL SCHEDULE—PRIVATEER ATHLETIC FOUNDATION STATEMENT OF REVENUE, SUPPORT AND EXPENSES FOR THE YEAR ENDED JUNE 30, 2007

REVENUE AND SUPPORT:

Program revenues	\$ 17,372
Contributions and bequests	<u>91,664</u>

Total revenue and support	<u>109,036</u>
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EXPENSES:

Program support	178,968
General and administrative	1,589
Fund raising	<u>11,056</u>

Total expenses	<u>191,613</u>
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EXCESS OF EXPENSES OVER REVENUE AND SUPPORT	<u>\$ (82,577)</u>
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UNIVERSITY OF NEW ORLEANS FOUNDATION

SUPPLEMENTAL SCHEDULE—UNIVERSITY OF NEW ORLEANS INTERNATIONAL ALUMNI ASSOCIATION STATEMENT OF REVENUE, SUPPORT AND EXPENSES FOR THE YEAR ENDED JUNE 30, 2007

REVENUE AND SUPPORT:

Contributions and bequests	\$ 154,857
UNO Foundation support	225,822
Program revenue	<u>80,076</u>
Total revenue and support	<u>460,755</u>

EXPENSES:

Program services	115,841
General and administrative	170,910
Fund raising	<u>89,241</u>
Total expenses	<u>375,992</u>

EXCESS OF REVENUE AND SUPPORT OVER EXPENSES	<u>\$ 84,763</u>
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UNIVERSITY OF NEW ORLEANS FOUNDATION

SUPPLEMENTAL SCHEDULE—UNIVERSITY OF NEW ORLEANS PROPERTY AND HOUSING DEVELOPMENT FOUNDATION STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2007

ASSETS

Cash	\$	50
Accounts receivable		130,000
Real estate—net		2,518,435
Due from the University of New Orleans Foundation		<u>66,340</u>
TOTAL		<u>\$2,714,825</u>

LIABILITIES AND NET ASSETS

LIABILITIES:

Accounts payable	\$	5,459
Note payable		<u>1,339,589</u>
Total liabilities		1,345,048
NET ASSETS		<u>1,369,777</u>
TOTAL		<u>\$2,714,825</u>

UNIVERSITY OF NEW ORLEANS FOUNDATION

SUPPLEMENTAL SCHEDULE—UNIVERSITY OF NEW ORLEANS PROPERTY AND HOUSING DEVELOPMENT FOUNDATION STATEMENT OF REVENUE, SUPPORT AND EXPENSES FOR THE YEAR ENDED JUNE 30, 2007

REVENUE AND SUPPORT:

Contributions and bequests	\$ 100,000
Rental income	<u>150,962</u>

Total revenue and support	<u>250,962</u>
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EXPENSES:

General and administrative	71,254
Operating expense	39,421
Interest expense	<u>66,086</u>

Total expenses	<u>176,761</u>
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EXCESS OF REVENUE AND SUPPORT OVER EXPENSES	74,201
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BEGINNING NET ASSETS	<u>1,295,576</u>
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ENDING NET ASSETS	<u>\$ 1,369,777</u>
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**UNIVERSITY OF NEW ORLEANS FOUNDATION
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

ASSETS

Current Assets		
Cash and cash equivalents	\$	1,182,415
Investments		-
Accounts receivable, net		1,025,620
Pledges receivable		320,354
Due from other campuses		-
Due from State Treasury		-
Due from Federal Government		-
Inventories		12,669
Deferred charges and prepaid expenses		40,129
Notes receivable		-
Other current assets		1,060
Total current assets		<u>2,582,247</u>
Noncurrent Assets		
Restricted assets:		
Cash and cash equivalents		-
Investments		55,686,762
Accounts receivable, net		-
Notes receivable		-
Other		-
Investments		
Pledges receivable		610,578
Notes receivable		-
Capital assets, net		11,942,228
Assets under capital leases, net		719,691
Other noncurrent assets		116,611
Total noncurrent assets		<u>69,075,870</u>
Total assets		<u>71,658,117</u>

LIABILITIES

Current Liabilities		
Accounts payable and accrued liabilities		578,510
Due to other campuses		-
Due to State Treasury		-
Due to Federal Government		-
Deferred revenues		-
Amounts held in custody for others		766,988
Compensated absences payable		-
Capital lease obligations		37,505
Claims and litigations		-
Notes payable		2,928,169
Contracts payable		-
Bonds payable		118,000
Other current liabilities		391,340
Total current liabilities		<u>4,820,512</u>
Noncurrent Liabilities		
Amounts held in custody for others		15,737,464
Compensated absences payable		-
Capital lease obligations		682,217
Claims and litigations		-
Notes payable		-
Contracts payable		-
Bonds payable		1,389,000
Other noncurrent liabilities		-
Total noncurrent liabilities		<u>17,808,681</u>
Total liabilities		<u>22,629,193</u>

NET ASSETS

Invested in capital assets, net of related debt	7,507,028
Restricted for:	
Nonexpendable	35,481,254
Expendable	10,205,404
Unrestricted	(4,164,762)
Total Net Assets	<u>\$ 49,028,924</u>

UNIVERSITY OF NEW ORLEANS FOUNDATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

OPERATING REVENUES	
Student tuition and fees	\$ -
Less scholarship allowances	<u>-</u>
Net student tuition and fees	-
Gifts received by the foundations	2,567,916
Endowment Income (component units only)	4,999,443
Federal appropriations	-
Federal grants and contracts	
State and local grants and contracts	
Nongovernmental grants and contracts	
Sales and services of educational departments	1,437,087
Hospital income	-
Auxiliary enterprise revenues, including revenues pledged as security for bond issues	-
Less scholarship allowances	<u>-</u>
Net auxiliary revenues	-
Other operating revenues	<u>1,492,751</u>
Total operating revenues	<u>10,497,197</u>
OPERATING EXPENSES	
Educational and general	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Scholarships and fellowships	-
Auxiliary enterprises	-
Hospital	-
Other operating expenses	<u>3,582,621</u>
Total operating expenses	<u>3,582,621</u>
Operating income (loss)	<u>6,914,576</u>
NONOPERATING REVENUES AND (EXPENSES)	
State appropriations	-
Gifts	-
Net investment income (loss)	804,634
Interest expense	-
Payments to or on behalf of the university	(4,999,914)
Other nonoperating revenues (expenses)	<u>-</u>
Net nonoperating revenues (expenses)	<u>(4,195,280)</u>
Income before other revenues, expenses, gains, and losses	<u>2,719,296</u>
Capital appropriations	-
Capital gifts and grants	-
Additions to permanent endowments	1,862,550
Other additions, net	-
Extraordinary item - loss on impairment of capital assets	<u>-</u>
Increase (decrease) in net assets	4,581,846
Net assets at beginning of year, restated	<u>44,447,078</u>
Net assets at end of year	<u>\$ 49,028,924</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
University of New Orleans Foundation
New Orleans, Louisiana

We have audited the financial statements of the University of New Orleans Foundation (the "Foundation"), as of and for the year ended June 30, 2007, and have issued our report thereon dated September 4, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Example Entity's internal control over financial reporting as a basis for designing our auditing procedures 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 Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

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*.

This report is intended for the information and use of the Board of Directors, management, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

September 4, 2007