
UNIVERSITY OF NEW ORLEANS FOUNDATION

Financial Statements and Schedules

June 30, 2008

With Independent Auditors' Report Thereon



Postlethwaite
& Netterville

A Professional Accounting Corporation

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UNIVERSITY OF NEW ORLEANS FOUNDATION

Year ended June 30, 2008

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Independent Auditors' Report

The Board of Directors
University of New Orleans Foundation

We have audited the accompanying statement of financial position of the University of New Orleans Foundation (the "Foundation") as of June 30, 2008, 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.

As described in note 14, the Foundation restated net assets as of June 30, 2007 related to an adjustment in the amount of receivables and property and equipment previously recorded.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2008, 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 November 20, 2008, 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.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Postlethwaite & Netterville

Metairie, Louisiana
November 20, 2008

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UNIVERSITY OF NEW ORLEANS FOUNDATION

Statement of Financial Position

June 30, 2008

Assets

Current assets:

Cash and cash equivalents	\$	2,834,516
Investments		5,974,443
Accounts receivable		3,292,039
Unconditional promises to give, net		441,190
Inventories		12,650
Deferred charges and prepaid expenses		57,019
Other current assets		1,060
Total current assets		12,612,917

Noncurrent Assets:

Restricted assets:

Investments		47,248,875
Unconditional promises to give, net		814,629
Real estate held for investment, net		11,969,162
Property and equipment, net		1,405,155
Other noncurrent assets		116,733
Total noncurrent assets		61,554,554
Total assets	\$	74,167,471

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued liabilities	\$	2,592,861
Amounts held in custody for others		511,520
Compensated absences payable		118,972
Current portion of capital lease obligations		40,213
Current portion of notes payable		2,928,169
Current portion of bonds payable		124,000
Other current liabilities -- due to University		385,238
Total current liabilities		6,700,973

Noncurrent liabilities

Amounts invested for others		15,440,218
Capital lease obligations, net of current portion		642,624
Bonds payable, net of current portion		1,265,000
Total noncurrent liabilities		17,347,842
Total liabilities		24,048,815

Net assets:

Unrestricted		5,595,267
Temporarily restricted		11,083,236
Permanently restricted		33,440,153
Total net assets		50,118,656
Total liabilities and net assets	\$	74,167,471

The accompanying notes are an integral part of this financial statement.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Statement of Activities

Year ended June 30, 2008

Changes in unrestricted net assets:	
Contributions	\$ 157,085
Investment income	(80,986)
Service fees	1,279,367
Rental income	397,262
Other income	806,828
	<u>2,559,556</u>
Total unrestricted revenue and support before net assets released from restrictions	2,559,556
Net assets released from restrictions:	
Net assets released from restrictions	4,478,727
	<u>4,478,727</u>
Total unrestricted revenue and support	7,038,283
Expenses:	
Program operations	4,404,854
Property operations	413,601
	<u>4,818,455</u>
Total program expenses	4,818,455
Supporting services	
Salaries and benefits	765,039
Interest	213,916
Dues and subscriptions	31,222
Meetings and development	39,119
Travel	4,575
Office operations	42,560
Professional services	274,270
Depreciation and amortization	476,556
Other	21,951
	<u>1,869,208</u>
Total supporting services	1,869,208
Total expenses	6,687,663
	<u>6,687,663</u>
Increase in unrestricted net assets	350,620
Changes in temporarily restricted net assets:	
Contributions	3,321,995
Grants	1,500
Investment income	(803,278)
Other income	333,116
	<u>3,321,995</u>
Total temporarily restricted revenue and support before net assets released from restrictions/transfers	2,853,333
Net assets released from restrictions/transfers:	
Net assets released from restrictions	(4,478,727)
Transfers	2,503,226
	<u>(1,975,501)</u>
Increase in temporarily restricted net assets	877,832
Changes in permanently restricted net assets:	
Contributions	462,441
Investment income	(2,868)
Other income	2,552
	<u>462,125</u>
Total permanently restricted revenue and support before net assets released from transfers	462,125
Net assets released from transfers:	
Transfers	(2,503,226)
	<u>(2,503,226)</u>
Decrease in permanently restricted net assets	(2,041,101)
Decrease in net assets	(812,649)
Net assets at beginning of year, restated (note 14)	50,931,305
Net assets at end of year	\$ <u>50,118,656</u>

The accompanying notes are an integral part of this financial statement.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Statement of Cash Flows

Year ended June 30, 2008

	2008
Cash received from operating activities:	
Decrease in net assets	\$ (812,649)
Adjustments to reconcile change in net assets to cash used in operating activities:	
Depreciation and amortization	476,556
Realized gain on investments--net	(3,175,597)
Unrealized loss on investments--net	5,787,389
Restricted contributions received	(3,784,436)
Changes in assets and liabilities:	
Accounts receivable	(639,435)
Unconditional promises to give	(324,887)
Other assets	(16,993)
Accounts payable and accrued expenses and other liabilities	1,871,753
<u>Net cash used in operating activities</u>	<u>(618,299)</u>
Cash flows used in investing activities:	
Capitalized costs of improvements to property and equipment	(913,557)
Net change in investments	(148,348)
Decrease in amounts held in custody for others--noncurrent	(297,246)
<u>Net cash used in investing activities</u>	<u>(1,359,151)</u>
Cash flows provided by financing activities:	
Contributions for permanently restricted net assets	462,441
Contributions for temporarily restricted net assets	3,321,995
Repayment of notes payable, bonds payable, and capital lease obligation	(154,885)
<u>Net cash provided by financing activities</u>	<u>3,629,551</u>
Increase in cash	1,652,101
Cash and cash equivalents at beginning of year	<u>1,182,415</u>
Cash and cash equivalents at end of year	<u>\$ 2,834,516</u>
<u>CASH PAID DURING THE YEAR FOR:</u>	
Interest	<u>\$ 320,916</u>

The accompanying notes are an integral part of this financial statement.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies

(a) History and Organization

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.

(b) Financial Statement 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 and which includes three basic financial statements and the classifications of resources into three separate classes of net assets as follows:

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

(c) Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

(d) Unconditional Promises to Give

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at their realizable value if they are expected to be collected in one year and at their fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for doubtful accounts has been established based on management's assessment of collectibility.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies (continued)

(e) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in 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.

(f) Real Estate

Real estate is held for investment, development or sale purposes and is recorded at cost or fair market value on the date acquired. Depreciation of real estate (excluding land) is calculated on the straight-line basis ranging from 28.5 years to 40 years. Certain real estate investments are being actively marketed for sale.

(g) 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.

(h) Impairment of Long-Lived Assets

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose. There were no impairments of long-lived assets recorded by management during fiscal 2008.

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

Amounts invested for others represent funds held in trust for others. These amounts are not owned by the Foundation (see Note 10). The Foundation considers all matching funds and unexpended income from these funds as amounts invested for others. In addition, the Foundation administers the financial assets and maintains the financial records of other entities affiliated with the University, which are amounts held for others and not owned by the Foundation (see Note 12).

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies (continued)

(j) 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.

(k) 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.

(l) 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, 2008, total supporting services expenses related to fundraising were \$284,822.

(m) 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.

(n) 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.

(o) 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.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(1) Summary of Significant Accounting Policies (continued)

(p) *Recent Accounting Pronouncements*

In fiscal year 2009, the Foundation will implement Financial Accounting Standard (“FAS”) 157 entitled “Fair Value Measurements.” FAS 157 defines fair value as the price received to transfer an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date reflecting the highest and best use valuation concepts. This new definition focuses on the exit price of the instrument rather than an entry price. FAS 157 establishes a framework for measuring fair value in GAAP by creating a hierarchy of fair value measurements that distinguishes market data between observable independent market inputs and unobservable market assumptions by the reporting entity. FAS 157 further expands the disclosures about such fair value measurements. FAS 157 applies broadly to most existing accounting pronouncements that require or permit fair value measurements (including both financial and non-financial assets and liabilities) but does not require any new fair value measurements.

(2) Investments

Investments, stated at fair value, are composed of the following at June 30, 2008:

Cash equivalents	\$	5,974,443
Corporate stocks		19,495,190
Mutual funds- equities		11,940,991
U.S. government obligations		362,925
Corporate bonds		17,289
Fixed income		<u>15,432,480</u>
	\$	<u>53,223,318</u>

Investments are reported in the accompanying statement of financial position as current investments of \$5,974,443 and noncurrent investments of \$47,248,875, totaling \$53,223,318 at June 30, 2008.

Investment income is reported net of investment expenses in the accompanying financial statements. Net investment income is comprised of the following for the year ended June 30, 2008:

Interest and dividends	\$	1,891,465
Realized gains, net		3,175,597
Unrealized losses, net		(5,787,389)
Investment expenses		<u>(166,801)</u>
	\$	<u>(887,132)</u>

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(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 categories.

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

In one year or less	\$	593,178
Between one year and five years		<u>1,207,133</u>
		1,800,311
Less present value discount of \$322,877 (5% discount rate) and allowance for uncollectible pledges of \$221,615		<u>(544,492)</u>
	\$	<u>1,255,819</u>

Contributions receivable at June 30, 2008, have the following restrictions:

Temporarily restricted by donor imposed stipulations for university programs, activities, and building construction	\$	1,036,394
Endowment for university programs and activities		<u>219,425</u>
	\$	<u>1,255,819</u>

(4) Real Estate Held for Investment, Development or Sale

As of June 30, 2008, the Foundation held several real estate properties for purposes of investment or sale, totaling \$11,969,162. The following is a summary of the properties as of June 30, 2008.

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, 2008 of \$3.1 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, nonprofits 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 2007 and 2008. All repairs are expected to be funded by insurance. The property is classified as held for sale at June 30, 2008.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(4) Real Estate Held for Investment, Development or Sale (continued)

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 \$33,472 per month through December 2009, with occupancy continuing through 2019. Most of the remainder of the property will be used for the Ogden Museum of Southern Art ("Ogden 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 Ogden 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 totaling \$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 were made on the Taylor Library from 2003 to 2007. The Taylor Library, however, partially opened to the public for exhibitions in fiscal 2007, and renovations commenced again in fiscal 2008, with \$770,023 being expended during the fiscal year.

Despite its incomplete status, management of the Foundation believes there is no impairment in the carrying value of the Taylor Library.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(4) Real Estate Held for Investment, Development or Sale (continued)

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, 2008, the Taylor Library remains incomplete. Due to the conditional nature of the gift and the Foundation's policy on capitalizing art collections, 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 rental payments 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 commenced 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, 2008, 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.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(4) Real Estate Held for Investment, Development or Sale (continued)

At June 30, 2008, real estate held for investment, development, or sale consisted of the following:

Technology Enterprise Center	\$ 3,075,036
Nims Center	4,859,617
Lee Circle Properties:	
Taylor Library- construction in progress	4,352,193
Land and commercial buildings	<u>1,624,869</u>
	13,911,715
Less accumulated depreciation	<u>(1,942,553)</u>
	<u>\$ 11,969,162</u>

Depreciation expense on real estate for the year ended June 30, 2008 totaled \$406,585.

(5) Plant Assets and Depreciation

At June 30, 2008, plant assets consisted of the following:

Land	\$ 129,000
Buildings and related improvements	1,341,783
Equipment	1,162,694
Vehicles	<u>20,757</u>
	2,654,234
Less accumulated depreciation	<u>(1,249,079)</u>
	<u>\$ 1,405,155</u>

Depreciation expense on plant assets for the year ended June 30, 2008 totaled \$67,742.

Depreciation and amortization expense in the Schedule of Activities includes \$2,229 related to amortization of the capital lease.

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.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(6) Notes and Bonds Payable

Notes and bonds payable at June 30, 2008, consisted of the following:

Note payable to a bank, payable in full September 2008. The note bears interest at a variable rate (5.0% at June 30, 2008) and is secured by certain real estate held for investment, development or sale (Note 5)	\$ 2,928,169
Bond payable to a bank, interest payable semi-annually, principal is due in annual installments ranging from \$124,000 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 Nims Center (Note 5)	<u>1,389,000</u>
Total	4,317,169
Less amounts payable currently	<u>(3,052,169)</u>
Long-term portion	<u>\$ 1,265,000</u>

Annual maturities of debt are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2009	\$ 3,052,169
2010	131,000
2011	138,000
2012	145,000
2013	153,000
Thereafter	<u>698,000</u>
Total	\$ <u>4,317,169</u>

Interest expense related to notes and bonds payable during 2008 was \$291,847, of which \$213,916 was charged to support.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(7) Capitalized Leases

The Foundation leases building equipment under long-term leases. Future minimum payments for capitalized leases as of June 30, 2008, are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2009	\$ 81,444
2010	81,444
2011	46,116
2012	49,391
2013	52,952
Subsequent to 2013	<u>451,102</u>
Total minimum lease payments	762,449
Lease amount representing interest	<u>(79,612)</u>
Present value of minimum lease payments	682,837
Less amounts payable currently	<u>40,213</u>
Long-term portion	<u>\$ 642,624</u>

At June 30, 2008, the net book value recorded under capital lease amounted to:

Building equipment	\$ 968,627
Less accumulated amortization	<u>(302,338)</u>
	<u>\$ 666,289</u>

The related building equipment is a component of the University of New Orleans Technology Enterprise Center (see Note 4).

Interest expense related to the capital lease during 2008 was \$43,939.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(8) Net Assets

Temporarily and permanently restricted net assets are restricted to the following at June 30, 2008:

Temporarily restricted:	
Building Funds	\$ 2,873,165
Scholarships	807,590
Faculty- salary supplements	327,126
Research	479,135
Educational studies program	1,529,816
Departmental development	<u>5,066,804</u>
Total temporarily restricted	<u>\$ 11,083,236</u>
Permanently restricted:	
Scholarships	\$ 2,360,874
Faculty- salary supplements	4,197,131
Research	12,687,367
Educational studies program	12,814,221
Departmental development	<u>1,380,560</u>
Total permanently restricted	<u>\$ 33,440,153</u>

(9) Net Assets Released from Restriction

Net assets were released from donor restrictions during fiscal year 2008 by incurring expenses satisfying the restricted purposes specified by donors as set forth below:

Purpose restrictions accomplished:	
Program services	\$ 3,853,671
Equipment purchases	<u>625,056</u>
	<u>\$ 4,478,727</u>

(10) 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 invested for others."

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(10) The Louisiana Endowment Trust Fund for Eminent Scholars (continued)

The amounts invested for others in noncurrent liabilities at June 30, 2008, that was attributable to the Eminent Scholars Program, was \$15,440,218.

(11) Program Expenses

Program expenses during the year ended June 30, 2008, were incurred for:

	<u>Program Support</u>	<u>Property Operations</u>	<u>Total Expenses</u>
Transfer to University/Alumni	\$ 1,691,243	\$ -	\$ 1,691,243
Interest expense	-	121,870	121,870
Contract services	600,938	24,466	625,404
Official functions (entertainment)	229,004	2,176	231,180
Personnel costs	358,818	24,650	383,468
Property maintenance and rent	34,217	71,266	105,483
Office supplies and services	258,069	2,318	260,387
Professional fees	606,117	16,573	622,690
Utilities	24,890	115,588	140,478
Other miscellaneous fees	601,558	34,694	636,252
	<u>\$ 4,404,854</u>	<u>\$ 413,601</u>	<u>\$ 4,818,455</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.

(12) 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 \$511,520 at June 30, 2008, 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 2008 is \$1,991,397 which represents reimbursements paid to the University. At June 30, 2008, funds due to the University totaled \$385,238 and funds due from the University totaled \$234,048.

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 2008 is \$493,250 related to these services. At June 30, 2008, funds due from the University of New Orleans Research and Technology Foundation totaled \$838,731.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Notes to Financial Statements

June 30, 2008

(13) Hurricane Katrina

Some of the Foundation's properties were damaged as result of the Hurricane Katrina in 2005. 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.

(14) Restatement

Net assets as previously reported have been restated to reflect the involuntary conversion of property costs and related insurance recoveries. The restatement is summarized as follows:

Net assets as previously reported, June 30, 2007	\$49,028,924
Restatement	<u>1,902,381</u>
Net assets restated, June 30, 2007	<u>\$50,931,305</u>

A summary of the restatement is as follows:

Accounts receivable	\$ 1,626,984
Property and equipment, net	<u>275,397</u>
Net assets (unrestricted)	<u>\$ 1,902,381</u>

UNIVERSITY OF NEW ORLEANS FOUNDATION

Supplemental Schedules

June 30, 2008

UNIVERSITY OF NEW ORLEANS FOUNDATION

Supplemental Schedule 1 - Privateer Athletic Foundation

Schedule of Revenue, Support and Expenses

For the year ended June 30, 2008

	<u>2008</u>
Revenue and Support	
Program revenues	\$ 18,313
Contributions and bequests	<u>329,147</u>
Total revenue and support	<u>347,460</u>
Expenses	
Program support	267,141
General and administrative	2,975
Fundraising	<u>33,011</u>
Total expenses	<u>303,127</u>
Excess of revenues over expenses	\$ <u><u>44,333</u></u>

See accompanying independent auditors' report.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Supplemental Schedule 2 - University of New Orleans International Alumni Association

Schedule of Revenue, Support and Expenses

For the year ended June 30, 2008

	<u>2008</u>
Revenue and Support	
Program revenues	\$ 98,335
Investment income	963
Contributions and bequests	<u>375,567</u>
Total revenue and support	<u>474,865</u>
Expenses	
Program support	172,671
General and administrative	212,267
Fundraising	<u>74,000</u>
Total expenses	<u>458,938</u>
Excess of revenues over expenses	\$ <u><u>15,927</u></u>

See accompanying independent auditors' report.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Supplemental Schedule 3 - University of New Orleans Property and Housing Development Foundation

Schedule of Financial Position

June 30, 2008

Assets

	<u>2008</u>
Cash and cash equivalents	\$ 50
Accounts receivable, net	13,707
Real estate held for investment, net	2,448,723
Other assets	191
Due from the UNO Foundation	<u>158,517</u>
Total assets	<u>\$ 2,621,188</u>

Liabilities and Net Assets

Accounts payable	\$ 2,491
Note payable	<u>1,251,456</u>
Total liabilities	<u>1,253,947</u>
Net Assets	<u>1,367,241</u>
Total liabilities and net assets	<u>\$ 2,621,188</u>

See accompanying independent auditors' report.

UNIVERSITY OF NEW ORLEANS FOUNDATION

Supplemental Schedule 4 - University of New Orleans Property and Housing Development Foundation

Schedule of Revenue, Support and Expenses

For the year ended June 30, 2008

	<u>2008</u>
Revenue and Support	
Contributions and bequests	\$ 65,000
Rental income	109,313
Total revenue and support	<u>174,313</u>
Expenses	
Program support	46,702
General and administrative	71,217
Interest expense	58,929
Total expenses	<u>176,848</u>
Excess of expenses over revenues	\$ <u><u>(2,535)</u></u>

See accompanying independent auditors' report.