

**SOUTHERN UNIVERSITY
AT
NEW ORLEANS FOUNDATION**

**FINANCIAL AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

FOR THE YEAR ENDED JUNE 30, 2022

Sean M. Bruno
Certified Public Accountants, LLC

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Sean M. Bruno
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of the **Southern University at New Orleans Foundation (the Foundation)**, (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Basis for Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **the Foundation** as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

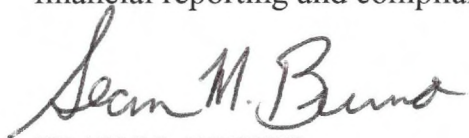
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **the Foundation's** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **the Foundation's** ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 22, 2022 on my consideration of **the Foundation's** internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **the Foundation's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **the Foundation's** internal control over financial reporting and compliance.



SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS, LLC
New Orleans, Louisiana

November 22, 2022

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022

ASSETS

ASSETS:

| | |
|-------------------------------------|------------------------------|
| Cash and cash equivalents (NOTES 2) | \$ 517,542 |
| Due from affiliate (NOTE 3) | <u>16,758</u> |
| TOTAL ASSETS | <u><u>\$ 534,300</u></u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|-----------------------|------------------|
| Accounts Payable | \$ <u>5,000</u> |
| Total liabilities | <u>5,000</u> |

NET ASSETS:

| | |
|--|------------------------------|
| Without donor restrictions (NOTE 2) | \$ 459,400 |
| With donor restriction (NOTES 2 and 4) | <u>69,900</u> |
| TOTAL NET ASSETS | <u>529,300</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 534,300</u></u> |

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

SOUTHERN UNIVERSITY OF NEW ORLEANS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|------------|
| Revenues and Support: | | | |
| Student assessment fees | \$ 16,758 | \$ - | \$ 16,758 |
| Contributions | 33,942 | 10,500 | 44,442 |
| Special events - Bash | 41,250 | - | 41,250 |
| Grants | 15,045 | - | 15,045 |
| Interest | 959 | - | 959 |
| Other revenues | 91 | - | 91 |
| Net asset released from purpose and time restriction | 6,605 | (6,605) | - |
| Total revenues and support | 114,650 | 3,895 | 118,545 |
| Expenses: | | | |
| Program services | 122,418 | - | 122,418 |
| Support services | 7,808 | - | 7,808 |
| Total expenses | 130,226 | - | 130,226 |
| Changes in net assets | (15,576) | 3,895 | (11,681) |
| Net assets - beginning of year | 474,976 | 66,005 | 540,981 |
| Net assets at end of year | \$ 459,400 | \$ 69,900 | \$ 529,300 |

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

SOUTHERN UNIVERSITY OF NEW ORLEANS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

| | <u>Program Services</u> | <u>Support Services</u> | <u>Total</u> |
|----------------------------|-----------------------------|-----------------------------|-------------------|
| University support expense | \$ 28,995 | \$ - | \$ 28,995 |
| Professional services | 46,106 | - | 46,106 |
| Travel | 3,788 | - | 3,788 |
| Gifts | 500 | - | 500 |
| Grant expenses | 27,179 | - | 27,179 |
| Meetings | 1,184 | 1,300 | 2,484 |
| Events | 9,716 | - | 9,716 |
| Postage | - | 275 | 275 |
| Stipends | 4,350 | - | 4,350 |
| Sponsorships | 600 | - | 600 |
| Trainings | - | 1,597 | 1,597 |
| Miscellaneous | - | 1,775 | 1,775 |
| Supplies | - | 2,861 | 2,861 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total expenses | <u>\$ 122,418</u> | <u>\$ 7,808</u> | <u>\$ 130,226</u> |

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

SOUTHERN UNIVERSITY OF NEW ORLEANS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|-------------------|
| Change in net assets | \$ (11,682) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Decrease in due from affiliate | 11,169 |
| Increase in accounts payables | <u>5,000</u> |
| Net cash provided by operating activities | <u>4,487</u> |
| Net increase in cash and cash equivalents | 4,487 |
| Cash and cash equivalents, July 1, 2021 | <u>513,055</u> |
| Cash and cash equivalents, June 30, 2022 | <u>\$ 517,542</u> |
| <u>Supplemental Disclosures</u> | |
| Interest paid in cash | <u>\$ -</u> |

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

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - ORGANIZATION AND PURPOSE:

The **Southern University at New Orleans Foundation (the Foundation)** is a nonprofit corporation organized to promote the educational and cultural welfare of Southern University at New Orleans. The Foundation is exempt from federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Tax Exemption Status

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation.

The Foundation files as a tax-exempt organization. Should that status be challenged in the future, **the Foundation's** 2019, 2020, and 2021 tax years are open for examination by the Internal Revenue Service.

Basis of Accounting

The financial statements of **the Foundation** have been prepared on the accrual basis of accounting under which revenues recorded when earned and expenses recorded when the liabilities incurred.

Basis Presentation

For the year ended December 31, 2022, **the Foundation** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, in the presentation of its financial statements. The purpose of the FASB ASC 2016-04 is to improve the financial reporting of those entities. Among other provisions, this ASC reduces the number of classes of net assets from three to two, requiring the

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Basis Presentation, Continued

presentation of expenses in both natural and functional classifications, and requiring additional disclosures concerning liquidity and the availability of financial resources. This standard is effective for fiscal years beginning after December 31, 2017 and requires the use of the retrospective transition method.

A description of the two net asset categories is as follows:

Net Assets Without Donor Restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

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

At June 30, 2022, **the Foundation's** Net Assets Without Donor Restrictions totaled \$459,400 and Net Assets With Donor Restrictions totaled \$69,900.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Contributions

The Foundation accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition*, accounting for contributions received and contributions made. In accordance with FASB ASC Section 958-605, contributions are recorded as without donor restriction, or with donor restriction, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenues are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and represented in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

Cash consists solely of demand deposits and a money market account that are secured by federal deposit insurance. All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents for purposes of the statement of cash flows.

Promises to Give

Unconditional promises to give are recognized as contribution revenue and receivables in the period in which the promise is received. Promises to give are recorded at net realizable value if they are expected to be collected in one year and at the present value of their estimated future cash flows if they are expected to be collected in more than one year.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Promises to Give

The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Investments and Investment Income

Investments in equity securities and mutual funds are measured at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recorded as an increase in the due to affiliate liability account as the investments are held on behalf of the University.

Fixed Assets

Fixed assets of **the Foundation** are recorded as assets and are stated at historical cost, if purchased or at fair value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. **The Foundation** follows the practice of capitalizing all fixed asset purchases that exceed \$1,000.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which are 5 to 39 years.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Functional Allocation of Expenses

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

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 3 - DUE FROM AFFILIATE / RELATED PARTY TRANSACTION:

Southern University at New Orleans collect student fees from the student body and transfers the fees to **the Foundation**. The assessment was approved by the student body. The fees are to be used to support the activities of the Foundation. As of June 30, 2022 **the Foundation** is due \$16,758 of student assessed fees.

NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS:

At June 30, 2022, Net Assets With Donor Restrictions are available for the the following uses:

| | |
|--|-----------------|
| Purpose restricted for College of Business | \$ 8,239 |
| Purpose restricted for Early Childhood Program | 10,500 |
| Purpose restricted for endowed professorship | 41,970 |
| Purpose restricted for Museum Studies | <u>9,191</u> |
| Total Net Assets With Donor Restrictions | <u>\$69,900</u> |

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - CONCENTRATIONS OF CREDIT RISK:

Financial instruments that potentially subject **the Foundation** to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeded federally insured limits by \$225,824 as of June 30, 2022.

NOTE 6 - FAIR VALUES OF FINANCIAL INSTRUMENTS:

In accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price that **the Foundation** would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market the most advantageous market for the asset or liability. ASC Topic 820 established a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to established classification of fair value measurements for disclosure purposes.

Various inputs are used in determining the value of **the Foundation's** assets or liabilities. The inputs are summarized in the three broad levels listed below:

- Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.
- Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determine through the use of models or other valuation methodologies.
- Level 3 - Pricing inputs are unobservable for the investment and include situations where there is little, if any market activity. The inputs into the determination of fair value require significant management judgment or estimation.

SOUTHERN UNIVERSITY AT NEW ORLEANS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - FAIR VALUES OF FINANCIAL INSTRUMENTS, CONTINUED:

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. **The Foundation's** assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment. All investments are considered to be level I investments.

The following table summarizes the valuation of **the Foundation's** financial instruments measured at fair value by the above ASC Topic 820 fair value hierarchy levels as of June 30, 2022 are as follows:

| | <u>Carrying Value</u> | <u>Fair Value</u> |
|---------------------------|---------------------------|-----------------------|
| Financial Assets: | | |
| Cash and cash equivalents | \$ 534,300 | \$ 534,300 |
| Due from affiliate | 16,758 | 16,758 |

NOTE 7 - RELATED PARTY TRANSACTIONS:

Southern University System

Southern University at New Orleans collects student assessed fees from the student body and transfers the fees to **the Foundation**. The assessment was approved by the student body. The fees are to be used to support the activities of the Foundation

NOTE 8 - SUBSEQUENT EVENTS:

FASB 165, which is codified in ASC Topic 855-10, requires the disclosure of the date through which **the Foundation** has evaluated subsequent events and the reason for selecting that date. **The Foundation** evaluated subsequent events from July 1, 2022 to November 22, 2022, the date the financial statements were available to be issued.