

Johnson, Thomas & Cunningham
Certified Public Accountants

10854



Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation
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November 17, 2015

Louisiana Legislative Auditor
1600 North Third Street
Baton Rouge, LA 70802

RE: Demons Unlimited Foundation - Audit
June 30, 2015

Our office, Johnson, Thomas & Cunningham, CPA's, has revised the report for the above referenced entity. The reason for this revision is to show the Sports Camp Expenses. This revision is located on page 25 of the report.

Sincerely,

Johnson, Thomas + Cunningham, CPA's

Johnson, Thomas & Cunningham, CPA's
JTC/sdw

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 25 2015

REISSUE

DEMONS UNLIMITED FOUNDATION

**ANNUAL FINANCIAL REPORT
JUNE 30, 2015**

Demons Unlimited Foundation
Annual Financial Report
June 30, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Demons Unlimited Foundation

Report on the Financial Statements

We have audited the accompanying financial statements of the Demons Unlimited Foundation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Demons Unlimited Foundation as of June 30, 2015, 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.

Johnson, Thomas + Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

September 17, 2015
Natchitoches, Louisiana

FINANCIAL STATEMENTS

Demons Unlimited Foundation
Statement of Financial Position
For the Year Ended June 30, 2015

Assets-	
Current Assets:	
Cash & Cash Equivalents	\$ 34,660
Investments	1,468,165
Revenues Receivable	29,500
Other Current Assets	<u>100</u>
Total Assets	<u>\$1,532,425</u>
Liabilities and Net Assets-	
Current Liabilities:	
Accounts Payable and Accruals	\$ 115,641
Current Portion of Long-Term Debt	<u>71,348</u>
Total Current Liabilities	\$ 186,989
Long-Term Debt, Net of Current Portion	<u>85,967</u>
Total Liabilities	<u>\$ 272,956</u>
Net Assets-	
Unrestricted	\$ (190,886)
Temporarily Restricted	(91,966)
Permanently Restricted	<u>1,542,321</u>
Total Net Assets	<u>1,259,469</u>
Total Liabilities and Net Assets	<u>\$1,532,425</u>

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

Demons Unlimited Foundation
Statement of Activities
For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUES:				
Contributions	\$ 367,487	\$ 360,593	\$ 28,779	\$ 756,859
Fundraising	324,105	544,533	0	868,638
Interest Income	54,077	0	0	54,077
Unrealized loss on Investments	(51,113)	0	0	(51,113)
Other	53,513	135,943	0	189,456
Net Assets Released from Restrictions:				
Satisfactions of Program Restrictions	<u>1,000,142</u>	<u>(1,000,142)</u>	<u>0</u>	<u>0</u>
Total Public Support and Revenues	<u>\$1,748,211</u>	<u>\$ 40,927</u>	<u>\$ 28,779</u>	<u>\$1,817,917</u>
EXPENSES:				
Program Services-				
Equipment Purchases	\$ 47,360	\$ 0	\$ 0	\$ 47,360
Marketing and Promotions	291,078	0	0	291,078
Materials and Supplies	246,616	0	0	246,616
Professional Services	92,235	0	0	92,235
Scholarships	243,831	0	0	243,831
Transfers to NSU	300,183	0	0	300,183
Travel	211,100	0	0	211,100
Other Program Services	324,077	0	0	324,077
Supporting Services-				
Fundraising	190,634	0	0	190,634
Management and General	<u>45,030</u>	<u>0</u>	<u>0</u>	<u>45,030</u>
Total Expenses	<u>\$1,992,144</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,992,144</u>
Change in Net Assets	\$ (243,933)	\$ 40,927	\$ 28,779	\$ (174,227)
Net Assets, Beginning of Year	<u>53,047</u>	<u>(132,893)</u>	<u>1,513,542</u>	<u>1,433,696</u>
Net Assets, End of Year	<u>\$ (190,886)</u>	<u>\$ (91,966)</u>	<u>\$1,542,321</u>	<u>\$1,259,469</u>

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

Demons Unlimited Foundation
Statement of Cash Flows
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Decrease in Net Assets	\$(174,227)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase)/Decrease in Contributions Receivable	(17,100)
(Increase)/Decrease in Other Current Assets	4,229
Increase/(Decrease) in Accounts Payable and Accruals	<u>(856)</u>
Net Cash Used by Operating Activities	<u>\$(187,954)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Sale of Investments	<u>\$ 67,708</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Loan proceeds from Exchange Bank	\$ 50,000
Principal payments on notes payable	<u>(52,724)</u>
Net Cash Used by Financing Activities	<u>\$ (2,724)</u>
Net Decrease in Cash	\$(122,970)
Cash at Beginning of Year	<u>157,630</u>
Cash at End of Year	<u>\$ 34,660</u>

SUPPLEMENTAL DISCLOSURE

Cash payments for interest during the year ended June 30, 2015 totalled \$5,576.

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

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2015

1. Organization:

Demons Unlimited Foundation was incorporated under Title 12, Chapter 2, Section 201 et seq. and R.S. 17:3390 of the laws of the State of Louisiana as a non-profit organization on October 17, 2013. The organization began operations on July 1, 2013, as the successor to the Northwestern State University Athletic Association, which previously operated under the auspices of the Northwestern State University Foundation. The primary objectives and purposes of Demons Unlimited Foundation are to promote the educational, athletic and cultural welfare of Northwestern State University and its Athletic Department, its athletic programs and teams that compete in intercollegiate athletic games or competitions, and to develop, expand and improve the University's facilities and resources so as to provide broader educational and athletic advantages and opportunities for its students, athletes, and the general public, to solicit and accept funds of all kinds for the purpose of providing scholarships and activities in research or other benefits for the University's athletic programs, and to exercise all powers and authority for the accomplishments of the objectives and purpose of the corporation. Demons Unlimited Foundation's Board of Directors is comprised of thirty-three volunteer members.

2. Summary of Significant Accounting Policies:

The accounting and reporting policies of Demons Unlimited Foundation conform to generally accepted accounting principles as applicable to non-profit organizations and are applied on a consistent basis between periods.

The following is a summary of certain significant accounting policies and practices:

- A. Financial Statement Presentation - Demons Unlimited Foundation has adopted FASB Accounting Standard Codification 958-205 "Not-for-Profit Organizations." Under FASB ASC 958-205, Demons Unlimited Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. All assets are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Temporarily restricted net assets include contributions with temporary donor-imposed time or purpose restrictions. Temporarily restricted net assets become unrestricted and are reported in the statement of activities as net assets released from restriction when the time restrictions expire or the contributions are used for the restricted purpose. Permanently restricted net assets include contributions with donor-imposed restrictions requiring resources to be maintained in perpetuity, but permitting use of all or part of the investment income earned on the contributions.
- B. Basis of Accounting - The accompanying financial statements of Demons Unlimited Foundation have been prepared in conformity with generally accepted accounting principles (GAAP) utilizing the accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when they are incurred.

NOTES TO FINANCIAL STATEMENTS

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2015

- C. Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenditures and expenses during the reporting period. Actual results could differ from those estimates.
- D. Endowment Funds – Expenditures from endowed funds are based on donor or other legally imposed restrictions being satisfied. These restrictions are reviewed by management and legal counsel, as necessary.
- E. Income Taxes - Demons Unlimited Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as “other than private foundation”. The Foundation’s Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2014 and 2015 will be subject to examination by the IRS, generally for three years after filing.
- F. Promises to Give – Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are made or as increases in temporary or permanently restricted net assets, depending on the nature of the restrictions. Temporarily and permanently restricted net assets are reclassified to unrestricted net assets in the fiscal year all restrictions are satisfied.
- G. Investments – Demons Unlimited Foundation has the same investment policy for both endowed and non-endowed funds. The investment objective of the policy is a long-term real total return of at least five percent, net of fees and expenses. The investments are invested in a wide range of asset classes including equities, fixed income, alternative investments, and cash. All investments are pooled to maximize investment efficiency with separate general ledger accounts being maintained for each Endowment and Non-Endowment account. The asset allocations are reviewed annually by the Investment Committee and discussed with the Investment Managers.

Investments are reported at fair value, which is determined using quoted market price of identical or similar securities. Donated investments are recorded at fair market value at the date of receipt, which is then treated as cost.

Realized gains and losses on dispositions of investments are based on the net proceeds and the adjusted cost basis of the securities sold, using the specific identification method. Realized and unrealized gains and losses are recognized in the Foundation’s current operations.

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2015

- H. Cash and Equivalents – Cash and cash equivalents are considered to include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purposes of the statement of cash flows, cash includes amounts in demand deposits, interest-bearing deposits, and money market accounts.
- I. Concentration of Credit Risk – At various times during the year, cash on deposit with banking institutions may exceed the amounts insured by the Federal Deposit Insurance Corporation (FDIC). Management monitors the financial condition of these institutions on a regular basis, along with their cash balances to minimize this potential risk.

3. Cash and Cash Equivalents:

The cash and cash equivalents of Demons Unlimited Foundation are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, Demons Unlimited Foundation will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Foundation that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in Demon Unlimited Foundation's name.

At June 30, 2015, Demons Unlimited Foundation had cash and cash equivalents totaling \$34,660 as follows:

Interest bearing demand deposit accounts	\$11,998
Money market accounts	<u>22,662</u>
Total	<u>\$34,660</u>

Bank balances at June 30, 2015 totaled \$219,102, all of which are secured from risk by federal deposit insurance. Money market mutual funds included in cash equivalents totaled \$22,662 at June 30, 2015. These amounts were uninsured.

4. Other Assets:

At June 30, 2015, Demons Unlimited Foundation had other assets consisting of the following:

Revenues Receivable	\$29,500
Cash Advances	<u>100</u>
Total	<u>\$29,600</u>

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2015

5. Investments:

At June 30, 2015, the Demons Unlimited Foundation had investments summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Market Value
Mutual Funds	\$ 1,546,679	\$ -	\$ 78,514	\$ 1,468,165

Total contributions to investments for the year ended June 30, 2015, were \$38,162 and are included in the Statement of Activities under public support and revenues (contributions).

Investment earnings included in the Statement of Activities were comprised of the following for the year ended June 30, 2015:

Interest earned on Investments	\$ 53,828
Unrealized loss on Investments	(51,113)
Total	\$ 2,715

Total investment fees and expenses incurred on investments for the year ended June 30, 2015, were \$12,351 and are included in the Statement of Activities under other program services expenses.

6. Fair Value of Financial Instruments:

The Foundation has adopted FASB Accounting Standards Codification Topic 820, "Fair Value Measurements". Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata include:

Level 1 valuations, where the valuation is based on quoted market prices for identical assets of liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume).

Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2015

Fair values of assets and liabilities measured on a recurring basis at June 30, 2015 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Mutual Funds	\$1,468,165	-	-	\$1,468,165

7. Accounts Payable and Other Accruals:

At June 30, 2015, the Foundation had accounts payable and other accrued liabilities as follows:

Accounts Payable to Vendors	\$106,747
Tickets Due to NSU	6,159
Credit Card Payable	1,868
Accrued Interest Payable	<u>867</u>
Total	<u>\$115,641</u>

8. Long-Term Debt:

The following is a summary of debt transactions for the year ended June 30, 2015:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Amount Due</u> <u>in one Year</u>
Note Payable - City Bank	\$ 59,940	\$ 0	\$(19,937)	\$ 40,003	\$40,003
Note Payable - Exchange Bank	<u>100,100</u>	<u>50,000</u>	<u>(32,788)</u>	<u>117,312</u>	<u>31,345</u>
Total	<u>\$160,040</u>	<u>\$50,000</u>	<u>\$(52,725)</u>	<u>\$157,315</u>	<u>\$71,348</u>

The terms of the individual debt issues of the Foundation are as follows:

	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>	<u>Amount</u> <u>Outstanding</u>
Note Payable - City Bank	4.00%	February 16, 2016	\$ 99,813	\$ 40,003
Note Payable - Exchange Bank	4.00%	July 15, 2017	<u>150,100</u>	<u>117,312</u>
Total			<u>\$249,913</u>	<u>\$157,315</u>

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2015

The annual requirements to amortize all debt outstanding as of June 30, 2015, including interest payments, are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 71,348	\$ 5,722	\$ 77,070
2017	<u>85,967</u>	<u>2,845</u>	<u>88,812</u>
Total	<u>\$157,315</u>	<u>\$8,567</u>	<u>\$165,882</u>

Total interest expense incurred on long-term debt for the year ended June 30, 2015 was \$5,576 and is included on the Statement of Activities under Other Program Services expenses.

9. Restricted Net Assets:

At June 30, 2015, the Foundation had net assets of \$1,542,321 permanently restricted for scholarships.

During the year ended June 30, 2015, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

Equipment purchases	\$ 47,360
Marketing and promotions	79,838
Materials and supplies	189,105
Professional services	17,120
Scholarships	95,931
Transfers to NSU	47,722
Travel	156,834
Other program services expenses	228,229
Fundraising	137,978
Management and general	<u>25</u>
Total Restrictions Released	<u>\$1,000,142</u>

At June 30, 2015, the Foundation had temporarily restricted net assets of \$(91,966).

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2015

10. Endowed Net Assets:

At June 30, 2015, the Foundation's endowed net assets are composed as follows:

	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
Balance at June 30, 2014	\$ (132,893)	\$ 1,513,542	\$ 1,380,649
Contributions	360,593	28,779	389,372
Fundraising	544,533	-	544,533
Unrealized gains on investments	-	-	-
Other income/(expense)	135,943	-	135,943
Released from restriction	(1,000,142)	-	(1,000,142)
Balance at June 30, 2015	<u>\$ (91,966)</u>	<u>\$ 1,542,321</u>	<u>\$ 1,450,355</u>

11. Donated Services:

During the year ended June 30, 2015, Demons Unlimited Foundation received \$40,000 in donated services from Guidroz Physical Therapy, which satisfied the criteria for recognition under SFAS No. 116. This amount is recognized as revenue in the contributions portion of the Statement of Activities, and is recognized as expenses in the other program services portion of the Statement of Activities.

12. Lease Commitments:

Demons Unlimited Foundation was not obligated under any capital or operating lease commitments at June 30, 2015.

13. Compensation Paid to Board Members:

The members of the Board of Directors serve as volunteers and receive no compensation.

14. Litigation:

There was no outstanding litigation against the Demons Unlimited Foundation at June 30, 2015.

15. Transactions with Northwestern State University

During the year ended June 30, 2015, Northwestern State University provided certain personnel services to the Demons Unlimited Foundation. The estimated value of these transactions for the year ended June 30, 2015 was \$35,069. In return, the Foundation solicits and accepts funds for the benefit of the University.

Demons Unlimited Foundation
Notes to Financial Statements
June 30, 2015

16. Subsequent Events:

Management has evaluated events through September 17, 2015, the date which the financial statements were available for issue. There were no items to be reported.

Johnson, Thomas & Cunningham

Certified Public Accountants

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INDEPENDENT ACCOUNTANT'S REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

To the Board of Directors
Demons Unlimited Foundation
Athletic Fieldhouse
468 Caspari Street
Natchitoches, LA 71497

We have performed the procedures enumerated below, which were agreed to by the chief executive of the Demons Unlimited Foundation, solely to assist you in evaluating whether the accompanying Statement of Revenue and Expenses (Statement) of Demons Unlimited Foundation (Foundation) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the year ended June 30, 2015. Foundation's management is responsible for the Statement and its compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of the Foundation. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

Agreed-Up on Procedures for Affiliated and Outside Organizations

1. We obtained the Statement of Revenues and Expenses for the Demons Unlimited Foundation for the year ending June 30, 2015. We agreed the amounts reported in the Statement to the Foundation's general ledger. The Statement of Revenues and Expenses is included and made a part of this agreed-upon procedures report.

We found no exceptions as a result of these procedures.

2. We reviewed the audited financial statements of Demons Unlimited Foundation for the year ending June 30, 2015, to ascertain any corrective action in response to comments concerning the Foundation's internal control structure, if any.

No internal control matters were identified which required corrective action.

Agreed-Upon Procedures for Revenues and Expenses

Revenues

1. Contributions revenue for the year ended June 30, 2015 was compared to prior period amounts. The total amount of \$1,001,356 was agreed to the supporting schedule provided by the Foundation. A sample of 31 items was selected from the schedule and vouched to supporting documentation. Total contributions were compared to the amounts recorded in the general ledger. We searched for contributions by any organization, agency or individual (e.g., contributions by corporate sponsors) that constituted 10 percent or more of all contributions received during the reporting period.

As a result of these procedures, we noted a 7.57% decrease in contributions compared to the prior year. All items sampled were vouched to supporting deposits and donor receipts, with no exceptions noted. We identified no organization, agency, or individuals that contributed 10 percent or more of all contributions received during the year ended June 30, 2015.

2. In-Kind contributions for the year ended June 30, 2015, were compared to the prior period amounts. The total amount of \$50,852 was agreed to the supporting schedule provided by the Foundation. A sample of six items was selected from the schedule and vouched to supporting documentation. Total in-kind contributions were compared to the amounts recorded in the general ledger.

As a result of these procedures, we noted a 39% decrease in contributions compared to the same category for the prior year. All items sampled were vouched to supporting deposits, donor receipts, and/or in-kind contracts, with no exceptions noted.

3. Demons Unlimited Foundation's participation in revenues from NCAA/Conference distributions during the year ended June 30, 2015 were compared to the prior period amounts. The related revenues of \$122,700 were compared and agreed to the supporting schedule provided by the Foundation and to the general ledger. A sample of one transaction was selected from the schedule and vouched to supporting documentation.

We found no exceptions as a result of these procedures.

4. Revenue from Program Sales, Concessions, Novelty Sales and Parking was compared to the prior year amounts. The total amount of \$12,482 was agreed to the supporting schedule provided by the Foundation. Total revenues were compared to the amounts recorded in the general ledger.

We noted a \$5,546 decrease in Program Sales, Concessions, Novelty Sales and Parking revenue compared to the prior year. We found no exceptions as a result of these procedures.

5. Revenue from Sponsorships for the year ended June 30, 2015, were compared to the prior period amounts. The total amount of \$516,773 was agreed to the supporting schedule provided by the Foundation. A sample of 14 items was selected from the schedule and vouched to supporting documentation. Total sponsorship revenues were compared to the amounts recorded in the general ledger.

We identified a 38 percent increase from the prior year. All items sampled were vouched to supporting deposits and/or sponsor agreements, with no exceptions noted. Total amounts were agreed to the supporting schedule and general ledger with no exceptions noted.

6. Sports camp revenues of \$104,697 for the year ended June 30, 2015 were compared to the prior year and agreed to supporting schedules provided by the Demons Unlimited Foundation. A sample of eight items were selected and vouched to supporting documentation. Total sports camp revenues were compared to the amounts recorded in the general ledger.

We noted a \$31,736 increase in sports camp revenues compared to the previous year. All items sampled were vouched to supporting deposits and camp summary forms, noting no exceptions. Total amounts were agreed to the supporting schedule and general ledger with no exceptions noted.

7. Endowment and Investment Income for the year ended June 30, 2015, was compared to the prior period amounts. The total amount of \$2,715 was agreed to the supporting schedule provided by the Foundation and vouched to supporting documentation. Total amounts were compared to the general ledger.

We noted a \$51,113 unrealized loss on investments and interest income of \$53,828 for the year ended June 30, 2015. These amounts were vouched to supporting brokerage statements and agreed to the general ledger, with no exceptions as a result of these procedures.

8. Other Operating Revenues for the year ended June 30, 2015 were compared to the prior year and agreed to supporting schedules provided by the Demons Unlimited Foundation. Related revenues of \$6,342 were compared to the general ledger amounts.

We found no exceptions as a result of these procedures.

Expenses

1. Athletics Student Aid expenses for the year ended June 30, 2015 were compared to the prior year and agreed to supporting schedules provided by the Foundation. The individual student-account details of six students from the listing of student aid recipients for the year ended June 30, 2015 were compared and agreed to the amounts related in the aid award letters. A sample of four items were selected from the schedule and vouched to supporting documentation. Totals were compared and agreed to the general ledger.

We noted a 10.92 percent increase in Athletics Student Aid expenses compared to the prior year. All six student detail samples were agreed to the aid award letters with no exceptions noted. The four items selected for sampling were vouched to supporting checks and invoices, noting no exceptions. Total expenses of \$243,831 were agreed to the supporting schedules and general ledger with no exceptions noted.

2. Guarantee expenses for the year ended June 30, 2015 were compared and agreed to the supporting schedule provided by the Foundation and to the general ledger. One item was selected for sampling and vouched to supporting documentation.

Total guarantee expenses of \$8,177 was agreed to the supporting schedule and general ledger with no exceptions noted. The sample was vouched to the supporting invoice and check, noting no exceptions.

3. A schedule of salaries, benefits and bonuses paid to coaches for the year ended June 30, 2015 was provided by the Foundation. Coaches' contracts from football, men's basketball, and women's basketball were selected, compared and agreed to the supporting schedule. The Foundation awards supplemental compensation to coaches for championships earned, post-season participation, vehicle stipends, housing stipends, and other salary supplements in accordance with the plan approved by its board of directors. These payments are made to the coaches through the Northwestern State University payroll system and reimbursed to the University by the Demons Unlimited Foundation. Coaching salaries, benefits and bonuses of \$313,722 for the year ended June 30, 2015 were compared and agreed to the general ledger.

We found no exceptions as a result of these procedures.

4. A schedule of support staff expenses paid by the University and related entities for the year ended June 30, 2015 was provided by the Foundation. The total was compared and agreed to the supporting schedule and the general ledger. A sample of four items was vouched to supporting documentation.

We noted a 29 percent decrease in support staff expenses compared to the prior year. The items sampled were vouched to supporting documentation provided by the Foundation. Total expenses of \$37,284 was compared and agreed to the supporting schedule and general ledger with no exceptions identified.

5. Recruiting expenses for the year ended June 30, 2015 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. Three items were selected for sampling and vouched to supporting documentation. The Foundation's recruiting expense policies were reviewed, compared and agreed to existing Northwestern State University and NCAA-related policies.

We noted a nine percent decrease in recruiting expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices and approval forms, with no exceptions noted. Total expenses of \$97,385 were compared and agreed to the supporting schedule and general ledger with no exceptions noted. We found no exceptions as a result of the comparison to NSU and NCAA recruiting policies.

6. Team travel expenses for the year ended June 30, 2015 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. Five items were selected for sampling and vouched to supporting documentation. The Demons Unlimited Foundation's team travel policies were reviewed, compared and agreed to existing Northwestern State University and NCAA-related policies.

We noted a \$51,815 increase in team travel compared to the prior year. All items selected for sampling were vouched to supporting invoices and approval forms, with no exceptions noted. Total expenses of \$124,244 were compared and agreed to the supporting schedule and general ledger with no exceptions noted. We found no exceptions as a result of the comparison to NSU and NCAA-related travel policies.

7. Equipment, uniform and supplies expenses for the year ended June 30, 2015 was compared to the prior year and agreed to the supporting schedule provided by the Demons Unlimited Foundation. A sample of 17 operating expenses from the supporting schedule were vouched to supporting documentation. Total related expenses were compared and agreed to the general ledger.

We noted a \$101,449 increase in equipment, uniform and supplies expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices and approval forms, as well as gift-in-kind contracts, noting no exceptions. Total expenses of \$279,452 were compared and agreed to the supporting schedule and general ledger, with no exceptions noted.

8. Game expenses of \$23,962 for the year ended June 30, 2015 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of one expense from the supporting schedule was vouched to supporting documentation. Total game expenses were compared and agreed to the general ledger.

We noted no significant variance compared to the prior year. The sample selected for testing was vouched to supporting invoice and approval form, noting no exception. Total game expenses were compared and agreed to the supporting schedule and general ledger with no exceptions noted.

9. Fund raising, marketing and promotion expenses of \$467,467 for the year ended June 30, 2015 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of 25 items was selected from the supporting schedule were vouched to supporting documentation. The total was compared and agreed to the general ledger.

We noted a nine percent increase in fund raising, marketing and promotion expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices and/or contracts, with no exceptions noted. Total expenses were compared and agreed to the supporting schedule and general ledger, with no exceptions noted.

10. Sports camp expense of \$75,760 for the year ended June 30, 2015 was compared to the prior year and agreed to the supporting schedule provided by the Demons Unlimited Foundation. A sample of 10 items was selected from the supporting schedule and vouched to supporting documentation. Total expenses were compared and agreed to the general ledger.

We noted a \$20,361 increase in camp expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices, approval forms, and camp summaries, with no exceptions noted. Total expenses were compared and agreed to the supporting schedule and general ledger with no exceptions noted.

11. Direct overhead and administrative expenses of \$71,360 for the year ended June 30, 2015 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of three items was selected from the supporting schedule vouched to supporting documentation. Total related expenses were compared and agreed to the general ledger.

We noted a reclassification of certain facilities and direct overhead expenses among various categories compared to the prior year, due to revised NCAA guidelines. All items selected for sampling were vouched to supporting invoices and appeared to be properly journalized. Related expenses for this category were compared and agreed to the supporting schedules and general ledger, with no exceptions noted.

12. Medical expenses and medical insurance expense of \$57,092 for the year ended June 30, 2015 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of three items were selected from the supporting schedule and vouched to supporting documentation. Total related expenses for this category were compared and agreed to the general ledger.

We noted no significant change in medical and medical insurance expenses compared to the prior year. All items selected for sampling were vouched to supporting invoices and trade contracts, with no exceptions noted. Related expenses for this category were compared and agreed to the supporting schedule and general ledger, noting no exceptions.

13. Memberships and dues expenses of \$5,375 for the year ended June 30, 2015 were compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of one item was selected from the supporting schedule and vouched to supporting documentation. Total membership and dues expenses were compared to the general ledger.

We noted no significant change in memberships and dues expenses compared to the prior year. The selected sample was vouched to supporting invoice with no exception noted. Total expenses in this category were compared and agreed to the supporting schedule and general ledger, noting no exceptions.

14. Other operating expense of \$187,032 for the year ended June 30, 2015 was compared to the prior year and agreed to the supporting schedule provided by the Foundation. A sample of six items were selected from the supporting schedule were vouched to supporting documentation. Total other operating expense was compared and agreed to the general ledger.

We noted a reclassification of certain other operating expenses (i.e., telephones) among various categories compared to the prior year, due to revised NCAA guidelines. All items selected for sampling were vouched to supporting invoices and appeared to be properly journalized. Related expenses for this category were compared and agreed to the supporting schedules and general ledger, with no exceptions noted.

Other Agreed Upon Procedures

1. We directly confirmed the cash balances recorded at the end of the reporting period by Demons Unlimited Foundation and reviewed the related year-end bank reconciliations.

As a result of these procedures, we found the cash balances to be properly recorded as of June 30, 2015.

2. We obtained and inspected the minutes of Demons Unlimited Foundation's governing body during the year ended June 30, 2015.

As a result of these procedures, we noted only one documented meeting of the Foundation's executive committee during the year ended June 30, 2015.

3. We obtained and documented an understanding of the internal controls in place surrounding revenues and expenses related to Demons Unlimited Foundation.

We noted no exceptions as a result of these procedures.

4. We obtained repayment schedules for all outstanding debt maintained by Demons Unlimited Foundation as of June 30, 2015, and recalculated the annual maturities provided in the schedules. We agreed the total maturities to supporting documentation and to the general ledger.

We recalculated the principle and interest payments due as provided in the amortization schedules and traced the current year payments to the general ledger, noting no exceptions. These repayment schedules are found in Note 8 to the audited financial statements of Demons Unlimited Foundation for the year ended June 30, 2015.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying statement of revenue and expenses of Demons Unlimited Foundation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above, and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Thomas & Cunningham, CPA's
Johnson, Thomas & Cunningham, CPA's

Natchitoches, Louisiana

September 17, 2015

DEMONS UNLIMITED FOUNDATION
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	Football	Men's Basketball	Women's Basketball	Other Sports	Non-program Specific	Total
REVENUES:						
<u>Operating Revenues</u>						
Ticket Sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Direct State/Govt Support	0	0	0	0	0	0
Student Fees	0	0	0	0	0	0
Direct Institutional Support	0	0	0	0	0	0
Less transfers to University	0	0	0	0	0	0
Indirect Institutional Support	0	0	0	0	0	0
Guarantees	0	0	0	0	0	0
Contributions	130,119	79,487	29,334	323,196	439,220	1,001,356
In-Kind Contributions	0	6,647	50	29,015	15,140	50,852
Compensation/Benefits paid by 3rd Pty	0	0	0	0	0	0
Media Rights	0	0	0	0	0	0
NCAA Distributions	0	0	0	6,875	115,825	122,700
Conference Distributions	0	0	0	0	0	0
Program Sales, Concessions, Novelty Sales and Parking	1,462	539	324	10,158	0	12,482
Royalties, Advertisements and Sponsorships	2,787	4,573	9,965	10,304	489,145	516,773
Sports Camp Revenues	0	80,310	4,335	20,052	0	104,697
Endowment and Investment Income	0	0	0	0	2,715	2,715
Other Operating Revenue	118	4,958	121	200	946	6,342
Total Operating Revenues	\$ 134,485	\$ 176,513	\$ 44,128	\$ 399,800	\$ 1,062,991	\$ 1,817,917
EXPENSES:						
<u>Operating Expenses</u>						
Athletics Student Aid	\$ 72,872	\$ 30,763	\$ 25,202	\$ 113,944	\$ 1,050	\$ 243,831
Guarantees	0	0	0	8,177	0	8,177
Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	48,675	94,611	61,196	109,240	0	313,721
Coaching Other Compensation & Benefits paid by 3 rd Party	0	0	0	0	0	0
Support Staff/Administrative Salaries, Benefits and Bonuses paid by the University and Related Entities	8,000	200	0	0	29,084	37,284
Support Staff/Administrative Other Compensation & Benefits Paid by 3 rd Party	0	0	0	0	0	0
Severance Payments	0	0	0	0	0	0
Recruiting	40,356	10,830	3,041	36,253	6,905	97,386
Team Travel	4,087	3,380	3,585	113,099	93	124,244
Equipment, Uniform and Supplies	62,907	16,509	19,651	162,140	18,245	279,452
Game Expenses	14,589	1,571	1,571	6,125	106	23,963
Fund Raising, Marketing and Promotion	118,235	45,592	27,136	48,265	228,239	467,467

DEMONS UNLIMITED FOUNDATION
STATEMENT OF REVENUES AND EXPENSES (continued)
FOR THE YEAR ENDED JUNE 30, 2015

	Football	Men's Basketball	Women's Basketball	Other Sports	Non- program Specific	Total
Sports Camp Expenses	0	62,430	2,760	10,570	0	75,760
Spirit Groups	0	0	0	0	0	0
Athletic Facilities, Debt Service, Leases & Rental Fees	0	0	0	0	0	0
Direct Overhead & Admin Expenses	4,577	1,794	2,917	35,546	26,526	71,360
Indirect Institutional Support	0	0	0	0	0	0
Medical Expenses and Medical Insurance	11,216	234	1,056	636	43,950	57,092
Memberships and Dues	310	100	320	1,610	3,035	5,375
Other Operating Expenses	20,988	14,326	6,549	11,167	134,008	187,032
Total Operating Expenses	\$406,813	\$282,339	\$154,985	\$656,767	\$491,240	\$1,992,144
EXCESS(DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES	<u>\$(272,328)</u>	<u>\$(105,826)</u>	<u>\$(110,857)</u>	<u>\$(256,966)</u>	<u>\$571,750</u>	<u>\$ (174,227)</u>