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UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

FINANCIAL REPORT

JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the University of Louisiana at Lafayette Foundation, Inc (the "Foundation") as of June 30, 2012 and 2011 and the related statements of activities and cash flows for the years 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 audits

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation We believe that our audits provide a reasonable basis for our opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated September 7, 2012 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 grants 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.

Broussard Poche Lewis & Breaux LLP

Lafayette, Louisiana
September 7, 2012

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC

STATEMENTS OF FINANCIAL POSITION
As of June 30, 2012 and 2011

ASSETS	2012	2011
Cash and cash equivalents	$ 8,225,101	$ 8,547,151
Contributions receivable, net	2,758,180	2,581,315
Investments, at market value	121,570,297	117,632,429
Property and equipment, net	8,778,969	8,894,259
Artworks	2,824,598	2,685,823
Accrued interest receivable	141,571	267,738
Other assets	455,197	463,341
Total assets	$ 144,753,913	$ 141,072,056
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 97,541	$ 32,536
Grants payable to university	1,350	806,216
Funds held in custody	26,981,574	27,234,149
Bonds payable	1,500,000	1,500,000
Note payable	483,479	497,452
Other liabilities	92,190	85,108
Total liabilities	$ 29,156,134	$ 30,155,461
Net assets		
Unrestricted	$ 3,333,676	$ 3,944,467
Temporarily restricted	45,477,735	45,094,338
Permanently restricted	66,786,368	61,877,790
Total net assets	$ 115,597,779	$ 110,916,595
Total liabilities and net assets	$ 144,753,913	$ 141,072,056

See Notes to Financial Statements

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UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC

STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, LOSSES AND OTHER SUPPORT				
Contributions	$ 101,577	$ 6,774,427	$ 3,666,569	$ 10,542,573
Contributions - artwork	138,775	-	-	138,775
Interest and dividends	5,704	1,905,847	-	1,911,551
Gains and (losses) on investments -				
Realized	(1,428)	2,795,634	-	2,794,206
Unrealized	-	(4,483,731)	-	(4,483,731)
Other income	576,728	453,748	9,995	1,040,471
Net assets released from restrictions -				
Satisfaction of purpose restrictions	6,911,863	(6,911,863)	-	-
Transfers between net asset classifications	(1,081,349)	(150,665)	1,232,014	-
Total revenues, gains, losses and other support	$ 6,651,870	$ 383,397	$ 4,908,578	$ 11,943,845
EXPENSES				
Grants paid to benefit University of Louisiana at Lafayette for -				
Projects specified by donors	$ 5,759,733	$ -	$ -	$ 5,759,733
Fundraising -				
Salaries and benefits	275,866	-	-	275,866
Other	93,199	-	-	93,199
Supporting services -				
Salaries and benefits	127,985	-	-	127,985
Insurance	72,368	-	-	72,368
Office operations	120,474	-	-	120,474
Travel	8,803	-	-	8,803
Professional services	155,192	-	-	155,192
Dues and subscriptions	1,576	-	-	1,576
Meetings and development	1,659	-	-	1,659
Investment management fee	260,303	-	-	260,303
Interest	89,283	-	-	89,283
Depreciation and amortization	282,369	-	-	282,369
Bad debt expense	13,851	-	-	13,851
Total expenses	$ 7,262,661	$ -	$ -	$ 7,262,661

(continued)

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC

STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in net assets	$ (610,791)	$ 383,397	$ 4,908,578	$ 4,681,184
Net assets at beginning of year	3,944,467	45,094,338	61,877,790	110,916,595
Net assets at end of year	$ 3,333,676	$ 45,477,735	$ 66,786,368	$ 115,597,779

See Notes to Financial Statements

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC

STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, LOSSES AND OTHER SUPPORT				
Contributions	$ 100,310	$ 4,134,461	$ 931,660	$ 5,166,431
Contributions - artwork	263,300	-	-	263,300
Interest and dividends	29,000	2,175,670	-	2,204,670
Gains and (losses) on investments -				
Realized	(23,114)	8,166,891	-	8,143,777
Unrealized	-	6,263,828	-	6,263,828
Other income	350,976	422,418	10,005	783,399
Net assets released from restrictions -				
Satisfaction of purpose restrictions	6,490,331	(6,490,331)	-	-
Transfers between net asset classifications	(567,424)	(12,794)	580,218	-
Total revenues, gains, losses and other support	$ 6,643,379	$ 14,660,143	$ 1,521,883	$ 22,825,405
EXPENSES				
Grants paid to benefit University of Louisiana at Lafayette for -				
Projects specified by donors	$ 5,421,668	$ -	$ -	$ 5,421,668
Fundraising -				
Salaries and benefits	252,196	-	-	252,196
Other	84,666	-	-	84,666
Supporting services -				
Salaries and benefits	123,339	-	-	123,339
Insurance	57,919	-	-	57,919
Office operations	56,509	-	-	56,509
Travel	6,923	-	-	6,923
Professional services	293,470	-	-	293,470
Dues and subscriptions	1,570	-	-	1,570
Meetings and development	1,414	-	-	1,414
Investment management fee	338,006	-	-	338,006
Interest	71,453	-	-	71,453
Depreciation and amortization	301,356	-	-	301,356
Bad debt expense	18,005	-	-	18,005
Total expenses	$ 7,028,494	$ -	$ -	$ 7,028,494

(continued)

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC

STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Change in net assets	$ (385,115)	$ 14,660,143	$ 1,521,883	$ 15,796,911
Net assets at beginning of year	4,329,582	30,434,195	60,355,907	95,119,684
Net assets at end of year	$ 3,944,467	$ 45,094,338	$ 61,877,790	$ 110,916,595

See Notes to Financial Statements

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2012 and 2011

	2012	2011
OPERATING ACTIVITIES		
Change in net assets	$ 4,681,184	$ 15,796,911
Adjustments to reconcile change in net assets to operating activities -		
Depreciation	282,369	301,356
Net realized and unrealized losses on investments	(1,689,525)	(14,407,605)
Loss on disposal of properties	-	19,700
Artworks disposals and writedowns	68,925	2,900
Bad debt expense	13,851	18,005
Non cash donations	(207,700)	(267,420)
Non cash - land transfer to University	-	96,000
Changes in assets and liabilities		
Decrease (increase) in assets -		
Contributions receivables	(190,716)	(6,342)
Other assets	134,311	(4,730)
Increase (decrease) in liabilities -		
Accounts payable	65,005	(38,552)
Grants payable to University	(804,866)	716,520
Funds held in custody	205,213	289,916
Other liabilities	7,082	3,725
Net cash provided by operating activities	$ 2,565,133	$ 2,520,384
INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	$ 33,991,705	$ 92,848,475
Purchases of investments	(36,697,836)	(94,319,183)
Purchases of fixed assets	(167,079)	(500,000)
Net cash used in investing activities	$ (2,873,210)	$ (1,970,708)
FINANCING ACTIVITIES		
Advances on notes payable	$ -	$ 500,000
Principal payments on notes payable	(13,973)	(2,548)
Net cash provided by (used in) financing activities	$ (13,973)	$ 497,452
Net increase (decrease) in cash	$ (322,050)	$ 1,047,128
Cash at beginning of year	8,547,151	7,500,023
Cash at end of year	$ 8,225,101	$ 8,547,151

See Notes to Financial Statements

Note 1 Nature of Organization and Significant Accounting Policies

Nature of organization·

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

Significant accounting policies

Basis of accounting -

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

Contributions and recognition of donor restricted contributions -

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

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

Use of estimates -

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

Cash and cash equivalents -

Cash and cash equivalents represent demand deposits and certificates of deposit with original maturities of three months or less Fair value approximates carrying amounts Certain cash and cash equivalents are restricted as to use based on donor stipulations Restricted cash amounted to $1,980,347 and $6,254,417 as of June 30, 2012 and 2011, respectively

NOTES TO FINANCIAL STATEMENTS

Investments -

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

Concentrations of credit risk -

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

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

Tax status -

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

Property and equipment -

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

Donations of property and equipment are recorded as support at their estimated fair market value at the date of donation Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose Assets donated with explicit restrictions regarding their use are reported as restricted support The Foundation reports expirations of donor restrictions when the donated assets are placed in service as instructed by the donor The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time

Real estate -

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

Charitable giving through life insurance -

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

Funds held in custody -

The Foundation considers all state matching funds and the proportionate share of income generated and expenses paid from the entire endowment as funds held in custody.

Employee benefit plans -

Effective January 1, 1991, the Foundation established a 403(b) plan to provide retirement benefits for employees Any employee over the age of 18 who has completed one year of service (1,000 hours) is eligible to participate Participants may contribute to the plan by deferring a portion of their gross salary, within certain IRS imposed limitations for maximum contributions in a given year The Foundation will match up to 100% of the participant's first 4% of contributions The amount included in expense for the years ended June 30, 2012 and 2011 was $15,893 and $15,363, respectively

Functional allocation of expenses -

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

Reclassifications –

Certain reclassifications have been made in the current year to amounts presented as of June 30, 2011 to be consistent with the presentation as of June 30, 2012 These reclassifications had no effect on net assets or changes in net assets as previously presented

Note 2 Contributions Receivable

Unconditional promises to give are included in the financial statements as contributions receivable and revenue of the appropriate net asset category

Contributions receivable, net of present value discount of $293,457 (based on one to ten year treasury note rates ranging from 21% - 2 38% as of June 30, 2012), are expected to be realized in the following periods

	2012	2011
Contributions receivable	$ 4,426,848	$ 4,476,608
Unamortized discount	(293,457)	(533,932)
	$ 4,133,391	$ 3,942,676
Allowance for doubtful accounts	(1,375,211)	(1,361,361)
	$ 2,758,180	$ 2,581,315

Amounts due in		
In one year or less	$	837,597
Between one year and five years		1,975,252
More than five years		1,613,999
	$	4,426,848

Contributions receivable (net of present value discount) at June 30, 2012 and 2011 had the following restrictions

		2012		2011
Temporarily restricted by donor imposed stipulations for University programs and activities	$	2,736,580	$	2,680,300
Endowment for University programs and activities and property acquisitions		1,396,811		1,262,376
	$	4,133,391	$	3,942,676

The Foundation's management performs an annual in depth analysis of pledged contributions and determines that certain contributions receivable are no longer collectible Contributions totaling $13,851 and $4,300 were written off during the years ending June 30, 2012 and 2011, respectively

Additionally, management reserved $1,375,211 and $1,361,361 of allowance for possible uncollectible pledges as of June 30, 2012 and 2011, respectively The allowance is based on management's estimate of future losses, actual losses may vary from the current estimate The estimate is reviewed periodically, taking into consideration the risk characteristics of pledged contributions, past loss experience, general economic conditions and other factors that warrant current recognition As adjustments to the estimate of future losses become necessary, they are reflected as a provision for bad debts in current-period earnings Actual pledge losses are deducted from, and subsequent recoveries are added to, the allowance

Note 3 Investments

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

Investments are composed of the following at June 30, 2012 and 2011

	Fair Market Value	
	2012	2011
Certificates of deposit	$ 4,053,953	$ 3,732,735
U S Treasury and agency bonds	8,145,526	9,379,636
Muncipal and other government agency bonds	97,423	91,222
Asset backed securities	8,045,219	6,572,165
Commercial bonds	3,365,567	6,790,740
Equities	7,311,227	11,608,129
Mutual and exchange traded funds	70,944,142	63,806,942
Hedge funds and alternative investments	19,607,240	15,650,860
	$ 121,570,297	$ 117,632,429

Note 4 Property and Equipment

A summary of property and equipment at June 30, 2012 and 2011 follows

	2012	2011
Buildings	$ 10,165,666	$ 10,023,266
Real estate	827,141	804,541
Vehicles	18,800	18,800
Furniture and equipment	509,729	507,650
	$ 11,521,336	$ 11,354,257
Less accumulated depreciation	(2,742,367)	(2,459,998)
	$ 8,778,969	$ 8,894,259

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

Note 5 Funds Held in Custody

One of the Foundation's primary objectives is to raise funds to provide endowed professorships and chairs to the University The Louisiana Endowment Trust Fund for Eminent Scholars was created by the Louisiana Legislature in 1983 to provide State funds as a challenge grant to eligible public and private institutions which would be responsible for providing matching funds obtained from gifts Endowed professorships are established at $100,000, endowed chairs at $1,000,000 and endowed superchairs at $2,000,000, with the State providing 40% of the funding once the Foundation has acquired 60% of the principal through private gifts The University is allowed to apply for the 40% match while maintaining the 60% private gift in the Foundation Funds are pooled for investment purposes in the Foundation, but the State's 40% match, net of the proportionate share of income and expenses of the endowments, are recognized as a liability to the University under the caption "Funds Held in Custody" The State matching funds managed for the University at June 30, 2012 and 2011 were $26,981,574 and $27,234,149, respectively

Total payments to the University from these endowments for chairs and professorships amounted to $842,260 and $841,450 for the years ending June 30, 2012 and 2011, respectively

The following is a recap of these endowments (both the Foundation and State portions) as of June 30, 2012 and 2011

	June 30, 2012		
	Temporarily Restricted	Permanently Restricted	Total
State portion			
Funds held in custody	$ 6,616,261	$ 20,365,313	$ 26,981,574
Foundation portion	13,559,939	32,591,558	46,151,497
Total Endowed Professorships and Chairs	$ 20,176,200	$ 52,956,871	$ 73,133,071

	June 30, 2011		
	Temporarily Restricted	Permanently Restricted	Total
State portion			
Funds held in custody	$ 7,108,836	$ 20,125,313	$ 27,234,149
Foundation portion	13,611,312	31,125,272	44,736,584
Total Endowed Professorships and Chairs	$ 20,720,148	$ 51,250,585	$ 71,970,733

Note 6 Long-Term Debt

Bonds and note payable outstanding are as follows

	2012	2011
Tax exempt revenue bonds, 4.50%, due on March 1, 2017, face $8,500,000, collateralized by land and a building with a carrying value of $6,801,442 as of June 30, 2012	$ 1,500,000	$ 1,500,000
Note payable, with a 4.75% interest rate, 59 monthly principal and interest payments of $3,251 with one irregular payment of 419,213, maturing on May 9, 2016, secured by deposit accounts	483,479	497,452
	$ 1,983,479	$ 1,997,452

Aggregate maturities required on long-term debt are as follows at June 30, 2012

Year Ending 6/30		Total
2013	$	16,415
2014		17,212
2015		18,048
2016		431,804
2017		1,500,000
	$	1,983,479

Cash paid for interest during the fiscal years ended June 30, 2012 and 2011 were $89,283 and $71,453, respectively

The $8,500,000 bond issue with an original issue date of February 1, 2002 was issued through the Lafayette Economic Development Authority (LEDA) The proceeds from this bond issue were used to construct an art museum at 101 Girard Park Drive Collateral on these bonds are the land and building constructed with the bond proceeds, the existing art museum and land located at the corner of Girard Park Drive and St. Mary Boulevard, together with a collateral pledge of all earnings derived from donations to the Foundation specifically for this project Additionally, the mortgage note securing the bond issue is a non-recourse note in which the mortgage holder, in the event of default, agrees to look solely to the real estate mortgaged and the revenues pledged for payment of the amount due The Foundation shall not be held liable by reason of any default in the payment of the bonds or the performance of any other obligations under the mortgage agreement

Note 7 Endowments and Net Asset Classifications

The Foundation's endowments consist of approximately 1,500 individual funds established for a variety of purposes Its endowments include donor-restricted endowment funds whereby the stipulations of the gift may require the preservation of the original donation with only the income derived used for a specific purpose as well as term endowments where all funds are available for specific purposes As required by GAAP, net assets associated with endowment funds to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions or intent

Interpretation of Relevant Law

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

The following is the endowment net asset composition by type of fund as of June 30, 2012 and 2011

	June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor - restricted endowment funds	$ -	$ 31,917,796	$ 34,194,810	$ 66,112,606
Chair and Professorship endowment funds	-	13,559,939	32,591,558	46,151,497
Net asset classifications	$ -	$ 45,477,735	$ 66,786,368	$ 112,264,103

	June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor - restricted endowment funds	$ -	$ 31,483,026	$ 30,752,518	$ 62,235,544
Chair and Professorship endowment funds	-	13,611,312	31,125,272	44,736,584
Net asset classifications	$ -	$ 45,094,338	$ 61,877,790	$ 106,972,128

The following is a recap of changes in endowment balances as of June 30, 2012 and 2011

	June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 45,094,338	$ 61,877,790	$ 106,972,128
Investment return				
Interest and dividends	-	1,905,847	-	1,905,847
Net appreciation (realized and unrealized)	-	(1,688,097)	-	(1,688,097)
Contributions and transfers	-	7,077,510	4,908,578	11,986,088
Appropriation for expenditure	-	(6,911,863)	-	(6,911,863)
Endowment net assets, end of year	$ -	$ 45,477,735	$ 66,786,368	$ 112,264,103

	June 30, 2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 30,434,194	$ 60,355,907	$ 90,790,101
Investment return				
Interest and dividends	-	2,175,670	-	2,175,670
Net appreciation (realized and unrealized)	-	14,430,719	-	14,430,719
Contributions and transfers	-	4,544,085	1,521,883	6,065,968
Appropriation for expenditure	-	(6,490,330)	-	(6,490,330)
Endowment net assets, end of year	$ -	$ 45,094,338	$ 61,877,790	$ 106,972,128

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration Deficiencies of this nature are reported as an offset against temporarily restricted net assets and amounted to a deficit of $134,539 as of June 30, 2012 These deficiencies resulted from unfavorable market fluctuations that occurred during the year and continued appropriation for certain programs that was deemed prudent by the Board of Trustees

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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

Note 8 Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring the following expenses which satisfy the restricted purposes or by occurrence of other events specified by the donors for the years ended June 30, 2012 and 2011

	2012	2011
Payments to benefit University of Louisiana at Lafayette	$ 5,749,733	$ 5,312,028
Interest expense	67,500	67,500
Depreciation expense	222,801	243,899
Bad debt expense	5,628	20,747
Investment management fees	866,201	834,153
Other	-	12,003
	$ 6,911,863	$ 6,490,330

Note 9 Specified Projects – Program Expenses

The following is a detail of monies paid to benefit the University

	2012	2011
Agriculture	$ 1,009	$ 1,583
Alumni Affairs	12,505	74,545
Arts and Humanities	107,609	98,588
Athletics	3,149,774	3,158,465
Business Administration	191,306	157,850
CIM Center	5,072	4,300
Education	16,597	38,014
Engineering	261,214	316,665
General Studies	17,822	-
Housing	7,800	1,800
Liberal Arts	331,629	280,667
Nursing	17,454	39,881
Research Center	76,059	80,650
Scholarships	969,582	831,379
Sciences	165,906	210,312
University Art Museum	82,089	34,586
University Services	304,116	11,127
All others	42,190	81,256
	$ 5,759,733	$ 5,421,668

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

Note 10 Lease Agreement

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

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

Note 11 Disclosure About Fair Value of Financial Instruments

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

Cash and cash equivalents -

The carrying amount approximates fair value because of the short maturity of those instruments

Contributions receivable -

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

Investments -

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

Bonds payable -

Bonds are valued based on the estimated cash outflows expected discounted using market yields on tax exempt bonds with similar maturities

The following presents the carrying value and estimated fair values of each class of financial instruments as of June 30, 2012 and 2011

	2012 In Thousands		2011 In Thousands	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS				
Cash and cash equivalents	$ 8,225	$ 8,225	$ 8,547	$ 8,547
Contributions receivable	$ 2,758	$ 2,758	$ 2,581	$ 2,581
Investments	$ 121,570	$ 121,570	$ 117,632	$ 117,632
LIABILITIES				
Notes payable	$ 483	$ 552	$ 497	$ 578
Bonds payable	$ 1,500	$ 1,668	$ 1,500	$ 1,696

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

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

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

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

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

	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices In Active Markets for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
As of June 30, 2012				
Contributions receivable	$ 2,758,180	$ -	$ -	$ 2,758,180
Investments				
Certificates of deposit	$ 4,053,953	$ -	$ -	$ 4,053,953
U S Treasury	6,564,792	6,564,792	-	-
U S Government Agency	1,580,734	1,580,734	-	-
Municipal and other government agency bonds	97,423	-	97,423	-
Asset backed securities	8,045,219	-	8,045,219	-
Commercial bonds	3,365,567	3,365,567	-	-
Equities	7,311,227	7,311,227	-	-
Exchange traded funds	19,510,340	19,510,340	-	-
Mutual funds -				
International equities	2,052,188	2,052,188	-	-
Mid - cap growth	12,463,194	12,463,194	-	-
Equity index - international	9,826,413	9,826,413	-	-
Global real estate equities	6,337,709	6,337,709	-	-
Emerging markets - value	8,030,327	8,030,327	-	-
Fixed income	9,820,832	9,820,832	-	-
Real estate high income	1,397,820	-	-	1,397,820
Hedge funds and alternatives -				
Distressed opportunities	836,988	-	-	836,988
Commodity index	1,505,319	1,505,319	-	-
Equity - long/short	4,770,678	-	-	4,770,678
Energy related	1,502,297	-	-	1,502,297
Private equities	311,169	-	-	311,169
Multi-strategy	12,186,108	-	-	12,186,108
Total investments	$ 121,570,297	$ 88,368,642	$ 8,142,642	$ 25,059,013

	Fair Value	Fair Value Measurements at Reporting Date Using Quoted Prices In Active Markets for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
As of June 30, 2011				
Contributions receivable	$ 2,581,315	$ -	$ -	$ 2,581,315
Investments				
Certificates of deposit	$ 3,732,735	$ -	$ -	$ 3,732,735
U S Treasury	6,138,091	6,138,091	-	-
U S Government Agency	3,241,545	3,241,545	-	-
Municipal and other government agency bonds	91,222	-	91,222	-
Asset backed securities	6,572,165	-	6,572,165	-
Commercial bonds	6,790,740	6,790,740	-	-
Equities	11,608,129	11,608,129	-	-
Exchange traded funds	18,970,760	18,970,760	-	-
Mutual funds -				
International equities	1,719,988	1,719,988	-	-
Mid - cap growth	10,612,128	10,612,128	-	-
Equity index - international	10,786,719	10,786,719	-	-
Global real estate equities	3,865,218	3,865,218	-	-
Emerging markets - value	5,936,330	5,936,330	-	-
Fixed income	10,621,911	10,621,911	-	-
Real estate high income	1,293,888	-	-	1,293,888
Hedge Funds -				
Distressed opportunities	440,000	-	-	440,000
Commodity index	1,192,457	1,192,457	-	-
Equity - long/short	4,628,371	-	-	4,628,371
Multi-strategy	9,390,032	-	-	9,390,032
Total investments	$ 117,632,429	$ 91,484,016	$ 6,663,387	$ 19,485,026

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

	Contributions Recievable	Certificates of Deposit	Real Estate High Income
Beginning balance - June 30, 2010	$ 2,388,125	$ 4,340,573	$ -
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
New pledges	139,598	-	-
Payments	(498,345)	-	-
Writeoffs	18,005	-	-
Discount amortization	533,932	-	-
Purchases	-	656,248	1,250,000
Sales, paydowns and redemptions	-	(1,167,002)	-
Investment income, gains and losses (realized and unrealized)	-	2,916	43,888
Ending balance - June 30, 2011	$ 2,581,315	$ 3,832,735	$ 1,293,888
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
New pledges	105,721	-	-
Payments	(236,164)	-	-
Writeoffs	13,851	-	-
Discount amortization	293,457	-	-
Purchases	-	1,055,000	77,088
Sales, paydowns and redemptions	-	(828,000)	-
Investment income, gains and losses (realized and unrealized)	-	(5,782)	26,844
Ending balance - June 30, 2012	$ 2,758,180	$ 4,053,953	$ 1,397,820

	Distressed Opportunities	Equities Long / Short	Energy Related
Beginning balance - June 30, 2010	$ -	$ -	$ -
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
New pledges	-	-	-
Payments	-	-	-
Writeoffs	-	-	-
Discount amortization	-	-	-
Purchases	440,000	4,500,000	-
Sales, paydowns and redemptions	-	-	-
Investment income, gains and losses (realized and unrealized)	-	128,371	-
Ending balance - June 30, 2011	$ 440,000	$ 4,628,371	$ -
Transfers into Level 3	-	-	-
Transfers out of Level 3	-	-	-
New pledges	-	-	-
Payments	-	-	-
Writeoffs	-	-	-
Discount amortization	-	-	-
Purchases	418,944	-	1,500,000
Sales, paydowns and redemptions	-	-	-
Investment income, gains and losses (realized and unrealized)	(21,956)	142,307	2,297
Ending balance - June 30, 2012	$ 836,988	$ 4,770,678	$ 1,502,297

	Private Equity	Multi Strategy
Beginning balance - June 30, 2010	$ -	$ -
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
New pledges	-	-
Payments	-	-
Writeoffs	-	-
Discount amortization	-	-
Purchases	-	8,900,000
Sales, paydowns and redemptions	-	-
Investment income, gains and losses (realized and unrealized)	-	490,032
Ending balance - June 30, 2011	$ -	$ 9,390,032
Transfers into Level 3	-	-
Transfers out of Level 3	-	-
New pledges	-	-
Payments	-	-
Writeoffs	-	-
Discount amortization	-	-
Purchases	311,169	2,835,851
Sales, paydowns and redemptions	-	-
Investment income, gains and losses (realized and unrealized)	-	(39,775)
Ending balance - June 30, 2012	$ 311,169	$ 12,186,108

The table below summarizes the fair value and unfunded commitments regarding hedge funds and alternative investments as of June 30, 2012.

	Fair Value	Unfunded Commitments
Distressed opportunities	$ 836,988	$ 1,301,056
Commodity index	1,505,319	-
Equity - long/short	4,770,678	-
Energy related	1,502,297	-
Private equities	311,169	3,188,831
Multi-strategy	12,186,108	1,164,149
	$ 21,112,559	$ 5,654,036

The table below summarizes the terms of the hedge fund investments with respect to lockup periods, redemption frequencies and notice periods as of June 30 2012

	Lockup Period	Redemtion Frequency (if Currently Eligible)	Redemption Notice Period
Distressed opportunities	10+ years	Manager discretion	N/A
Commodity index	N/A	N/A	N/A
Equity - long/short	2 years	Annual	105 days
Energy related	10+ years	Manager discretion	N/A
Private equities	10+ years	Manager discretion	N/A
Multi-strategy	1 year	Monthly, Annual	60 & 90 days

Distressed opportunities – This category includes an investment in a hedge fund that may have direct investments as well as investments in other funds Both the direct investments and underlying funds investments include securities in companies undergoing financial distress, operating difficulties or restructuring. The goal of the hedge fund is to invest in a diversified pool of underlying funds to provide the best return No more than 25% of capital of the hedge fund can be committed to any single fund and no more than 30% can be invested in direct investments with no single direct investment exceeding 5% of capital The investor in this hedge fund cannot demand a return of all or any part of their capital investment in this fund. Net asset values are determined by utilizing market quotes on those investments for which they are available and investments in other funds are valued based on the capital accounts in the fund For those securities where no quotes or capital balances are available they are valued by the general partner based on available information at the date of determination Net asset values are computed quarterly

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

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

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

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

Multi–strategy – This category includes an investment in three funds The funds primarily invest in other funds that use a variety of different investment strategies across a wide range of financial instruments including but not limited to fixed income securities, equities, mutual funds, futures, forward and option contracts, physical commodities, distressed securities, swaps and other derivative products The net asset value of one fund is computed monthly and are based on portfolio valuations that are received directly from independent sources and investment vehicles For those assets where no independent sources are available the investment manager determines the fair values by other means which may include obtaining appraisals In all instances the manager attempts to use consistent and fair valuation criteria The second fund utilizes a third party to provide the net asset calculation The third fund's net asset value is determined by utilizing the latest unaudited or audited financial statements and performance reports of various investments in which it invests Any listed investments are valued at the last sales price on the date of determination For those investments where there is no quotation the fair value is estimated at the net asset value calculated by the investee entity

During 2012 and 2011, the Foundation also recognized donated property and artworks of $207,700 and $263,300, respectively, at estimated fair value upon date of donation All of these fair value estimates are considered to be Level 3 valuations under FASB ASC 820-10-50-1

Note 12 Affiliated Organization and Related Transaction

During the prior year, the Foundation had a transaction with the University of Louisiana at Lafayette Property Foundation, a separate non profit organization established by the Foundation to facilitate certain property transfers During 2011, property with a carrying value of $96,000 was transferred to organization, which then in turn swapped the property for another piece of property and transferred the newly acquired piece back to the Foundation The net effect of this swap of the financials of the Foundation was zero The newly acquired piece of property was then donated to the University

Note 13 Subsequent Events

The Foundation evaluated the need for disclosures and/or adjustments resulting from subsequent events through September 7, 2012, the date the financial statements were available to be issued This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments under general accounting standards

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the University of Louisiana at Lafayette Foundation, Inc (a non-profit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 7, 2012 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States

Internal Control Over Financial Reporting

Management of the Foundation is responsible for establishing and maintaining effective internal control over financial reporting In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control over financial reporting

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards

This report is intended for the information of the Board of Trustees, management, others within the Foundation and officials of the State of Louisiana and is not intended to be and should be used by anyone other than these specified parties However, this report is a matter of public record and its distribution is not limited

Broussard Poche Lewis & Breaux LLP

Lafayette, Louisiana
September 7, 2012

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2012

We have audited the financial statements of University of Louisiana at Lafayette Foundation, Inc as of and for the year ended June 30, 2012, and have issued our report thereon dated September 7, 2012 We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States Our audit of the financial statements as of June 30, 2012 resulted in an unqualified opinion

Section I - Summary of Auditors' Reports

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

Internal Control

Material weaknesses __ Yes _X_ None Reported

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

Compliance
Compliance Material to Financial Statements __ Yes X No

Section II - Financial Statement Findings

None reported

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC

SCHEDULE OF PRIOR FINDINGS
For the Year Ended June 30, 2012

Section I Internal Control and Compliance Material to the Financial Statements

None noted

Section II Internal Control and Compliance Material to Federal Awards

Not applicable

Section III. Management Letter

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