

**UNIVERSITY OF LOUISIANA
AT LAFAYETTE FOUNDATION, INC.**

FINANCIAL REPORT

JUNE 30, 2021

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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 financial statements of the University of Louisiana at Lafayette Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities and cash flows for the years then ended, and the related notes to 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.

Auditors' Responsibility

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 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 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 University of Louisiana at Lafayette Foundation, Inc. as of June 30, 2021 and 2020 and the respective 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.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head on page 34 and schedule of revenues and expenses of intercollegiate athletics program on pages 35 and 36 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 1, 2021 on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Bernard Roche" followed by a stylized monogram or initials.

Lafayette, Louisiana
November 1, 2021

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 22,848,377	\$ 18,825,893
Cash – restricted for collateral	466,000	191,000
Accrued interest receivable	48,360	53,121
Contributions receivable, net	31,830,582	5,760,617
Other receivables	577,415	647,102
Prepaid expenses	137,508	109,527
Investments, at market value	223,235,301	173,876,917
Property and equipment, net	9,043,336	9,146,160
Artworks	3,037,894	3,021,214
Other assets	<u>1,478,504</u>	<u>1,332,832</u>
 Total assets	 <u>\$ 292,703,277</u>	 <u>\$ 212,964,383</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 2,439,051	\$ 1,056,962
Scholarships payable	60,000	-
Accrued expenses	2,805,691	3,050,434
Notes payable	530,584	534,370
Refundable advances	3,733,333	-
Funds held in custody	<u>52,140,475</u>	<u>41,328,489</u>
 Total liabilities	 <u>\$ 61,709,134</u>	 <u>\$ 45,970,255</u>
Net assets:		
Without donor restrictions	\$ 16,399,553	\$ 14,050,481
With donor restrictions	<u>214,594,590</u>	<u>152,943,647</u>
 Total net assets	 <u>\$ 230,994,143</u>	 <u>\$ 166,994,128</u>
 Total liabilities and net assets	 <u>\$ 292,703,277</u>	 <u>\$ 212,964,383</u>

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, LOSSES AND OTHER SUPPORT:			
Contributions	\$ 206,783	\$ 38,236,322	\$ 38,443,105
Contributions – artwork and other property	27,000	-	27,000
Interest and dividends, net of fees	94,278	(255,737)	(161,459)
Net gains and (losses) on investments –			
Realized	166,981	6,375,750	6,542,731
Unrealized	1,090,670	34,690,998	35,781,668
Other income	1,348,162	78,760	1,426,922
Loss on disposal of fixed assets and artwork	(5,742)	-	(5,742)
Net assets released from restrictions –			
Satisfaction of purpose restrictions	17,453,770	(17,453,770)	-
Transfers between net asset classifications	<u>21,380</u>	<u>(21,380)</u>	<u>-</u>
Total revenues, gains, losses and other support	<u>\$ 20,403,282</u>	<u>\$ 61,650,943</u>	<u>\$ 82,054,225</u>
EXPENSES:			
Grants paid to benefit University of Louisiana at Lafayette for –			
Projects specified by donors	\$ 11,514,574	\$ -	\$ 11,514,574
Fundraising –			
Salaries and benefits	371,275	-	371,275
Other	299,190	-	299,190
Supporting services –			
Salaries and benefits	1,339,603	-	1,339,603
Insurance	90,292	-	90,292
Office operations	506,607	-	506,607
Travel	13,646	-	13,646
Professional services	355,814	-	355,814
Dues and subscriptions	81,122	-	81,122
Meetings and development	337	-	337
Interest	17,213	-	17,213
Depreciation	316,166	-	316,166
Bad debt expense	<u>3,148,371</u>	<u>-</u>	<u>3,148,371</u>
Total expenses	<u>\$ 18,054,210</u>	<u>\$ -</u>	<u>\$ 18,054,210</u>

(continued)

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Change in net assets	\$ 2,349,072	\$ 61,650,943	\$ 64,000,015
Net assets at beginning of year	<u>14,050,481</u>	<u>152,943,647</u>	<u>166,994,128</u>
Net assets at end of year	<u>\$ 16,399,553</u>	<u>\$214,594,590</u>	<u>\$230,994,143</u>

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, LOSSES AND OTHER SUPPORT:			
Contributions	\$ 152,789	\$ 12,508,584	\$ 12,661,373
Contributions – artwork and other property	8,500	-	8,500
Interest and dividends, net of fees	118,836	566,825	685,661
Net gains and (losses) on investments –			
Realized	112,214	4,048,816	4,161,030
Unrealized	(103,841)	1,451,397	1,347,556
Other income	837,484	3,009	840,493
Loss on disposal of fixed assets and artwork	(3,700)	(14,975)	(18,675)
Net assets released from restrictions –			
Satisfaction of purpose restrictions	17,980,228	(17,980,228)	-
Transfers between net asset classifications	<u>629,193</u>	<u>(629,193)</u>	<u>-</u>
Total revenues, gains, losses and other support	<u>\$ 19,731,703</u>	<u>\$ (45,765)</u>	<u>\$ 19,685,938</u>
EXPENSES:			
Grants paid to benefit University of Louisiana at Lafayette for –			
Projects specified by donors	\$ 15,382,419	\$ -	\$ 15,382,419
Fundraising –			
Salaries and benefits	307,686	-	307,686
Other	340,845	-	340,845
Supporting services –			
Salaries and benefits	1,124,823	-	1,124,823
Insurance	95,713	-	95,713
Office operations	409,780	-	409,780
Travel	38,929	-	38,929
Professional services	503,316	-	503,316
Dues and subscriptions	86,391	-	86,391
Meetings and development	4,272	-	4,272
Interest	16,843	-	16,843
Depreciation	320,988	-	320,988
Bad debt expense	<u>191,858</u>	<u>-</u>	<u>191,858</u>
Total expenses	<u>\$ 18,823,863</u>	<u>\$ -</u>	<u>\$ 18,823,863</u>

(continued)

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Change in net assets	\$ 907,840	\$ (45,765)	\$ 862,075
Net assets at beginning of year	<u>13,142,641</u>	<u>152,989,412</u>	<u>166,132,053</u>
Net assets at end of year	<u>\$ 14,050,481</u>	<u>\$152,943,647</u>	<u>\$166,994,128</u>

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 64,000,015	\$ 862,075
Adjustments to reconcile change in net assets to operating activities:		
Depreciation	316,166	320,988
Net realized and unrealized (gains) losses on investments	(41,397,483)	(5,508,586)
Gain on the forgiveness of the Paycheck Protection Program Loan	(199,900)	-
Loss on disposal of property, plant, and equipment	5,742	18,675
Bad debt expense	3,148,371	191,858
Non cash donations	(27,000)	(8,500)
Artwork disposals/writedowns	-	-
Changes in assets and liabilities –		
Decrease (increase) in assets:		
Contributions receivable	(29,218,336)	(248,846)
Other receivables	69,687	(130,252)
Other assets	(168,892)	19,639
Increase (decrease) in liabilities:		
Accounts payable	1,382,088	(43,227)
Scholarships payable	60,000	(550)
Refundable advance	3,733,333	-
Funds held in custody (net of investment income allocation)	(2,038,262)	(1,633,769)
Other liabilities	(244,743)	<u>2,765,432</u>
Net cash used in operating activities	<u>\$ (579,213)</u>	<u>\$ (3,395,063)</u>
INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	\$ 32,808,059	\$ 59,869,118
Purchases of investments	(27,918,712)	(48,067,162)
Purchase of artworks	-	(3,350)
Proceeds from the sale of fixed assets	3,542	-
Purchases of fixed assets	(213,342)	(493,339)
Proceeds from sale of artwork	<u>1,036</u>	<u>6,300</u>
Net cash provided by investing activities	<u>\$ 4,680,583</u>	<u>\$ 11,311,567</u>
FINANCING ACTIVITIES		
Proceeds from the issuance of debt	\$ 219,755	\$ 199,900
Principal payments on note payable	<u>(23,641)</u>	<u>(22,489)</u>
Net cash provided by financing activities	<u>\$ 196,114</u>	<u>\$ 177,411</u>
Net increase in cash and cash equivalents	\$ 4,297,484	\$ 8,093,915
Cash and cash equivalents at beginning of year	<u>19,016,893</u>	<u>10,922,978</u>
Cash equivalents at end of year	<u>\$ 23,314,377</u>	<u>\$ 19,016,893</u>

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF CASH		
Cash and cash equivalents	\$ 22,848,377	\$ 18,825,893
Cash- restricted for collateral	<u>466,000</u>	<u>191,000</u>
	<u>\$ 23,314,377</u>	<u>\$ 19,016,893</u>

See Notes to Financial Statements.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

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 therefrom, 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. The Ragin' Cajuns Athletic Foundation operates as a supporting organization for the benefit of the Foundation. As a result, the entities are financially interrelated and all financial activity is recorded in the financial statements.

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 for future periods or restricted by the donor for specified purposes are reported as contributions with donor restrictions that increases that net asset class. When a donor restriction expires, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement 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 statement of activities and capitalized within the statements of financial position. These contributions are reported as a contribution with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Substantially, all artworks are considered without donor restrictions by the Foundation. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS

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. Certain cash and cash equivalents are restricted as to use based on donor stipulations or contractual conditions. Cash invested in donor endowments amounted to \$14,528,530 and \$15,263,441 as of June 30, 2021 and 2020, respectively.

Derivative instruments –

The Foundation has investments in derivative instruments, which have not been designated as hedges. A derivative financial instrument is a financial instrument whose values are derived in whole or in part from the value of any one or more underlying assets or index of asset values. Derivative instruments are recorded at fair value.

Contributions receivable –

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases in liabilities, or expenses depending upon the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions to be received in one year or less are reported at net realizable value. Contributions to be received after one year, net of an allowance for uncollectible amounts, are initially reported at fair value, estimated by discounting them to their present value. Thereafter, amortization of discounts is recorded as additional contribution revenue. An allowance for uncollectible contributions receivable is provided based upon management's judgment, considering such factors as prior collection history, type of contribution, relationship with donor, and other relevant factors.

Other receivables –

Other receivables consists primarily of amounts due as matching contributions for the endowed chair and professorship program.

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 statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income, gains and losses restricted by a donor are reported as changes in net assets with donor restrictions.

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

NOTES TO FINANCIAL STATEMENTS

domestic and international corporations; mutual funds that invest in various marketable securities; derivatives 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, real estate, 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.

As of June 30, 2021, two donors make up 79.43% of the contribution receivable balance and 78% of the total contribution revenue for the year ended.

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 Code; accordingly, no provision for income taxes has been made in the financial statements.

The Foundation has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2017, 2018 and 2019 tax years. However, the Foundation is not currently under audit nor has the Foundation been contacted by any jurisdiction.

Based on the evaluation of the Foundation's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal year ended June 30, 2021 and 2020.

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. The cost of repairs and maintenance are charged to expense when incurred.

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 support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as support with donor restrictions.

Artworks –

Collection items consist of artwork that are held for educational purposes. Collection items are acquired either through purchase or donation are capitalized. The proceeds from deaccession of collection items may be used for acquisitions of new collection items, the direct care of existing collections, or at the discretion of the Foundation. The Foundation considers direct care to entail actions that enhance the life, usefulness, or quality of the collection items to ensure they will continue to benefit the public.

NOTES TO FINANCIAL STATEMENTS

Real estate -

Real estate held for investment purposes 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 inuring 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.

Refundable advances –

The Foundation received conditional contributions that are deemed refundable until all the conditions have been met. For the years ended June 30, 2021 and 2020, the Foundation had outstanding refundable advances of \$3,733,333 and \$ - 0 -, respectively.

Funds held in custody -

The Foundation considers all state matched funds and the proportionate share of income generated and expenses paid from the endowments for chairs and professorships, first generation and superior graduate student scholarships as funds held in custody.

Revenue recognition

Revenue is recognized when earned. Contribution revenue is recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value on the date of contribution.

Other income –

Revenues without donor restrictions are obtained from rental income, administrative fees and the change in cash value of life insurance policies. These revenues are recorded when the service is provided.

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 21 is automatically enrolled after 90 days. 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, 2021 and 2020 was \$40,900 and \$30,337, respectively.

NOTES TO FINANCIAL STATEMENTS

Effective December 1, 2017, the Foundation established a 457(b) deferred compensation plan for eligible employees. The Foundation makes non elective deferrals to this plan of 1% to 5% of eligible employee compensation. Total contributions to this plan for the years ended June 30, 2021 and 2020 amounted to \$1,027 and \$1,325, respectively.

Functional allocation of expenses -

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

Adopted accounting pronouncements:

The Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* as amended by ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) – Deferral of the Effective Date*. This ASU is a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In order to achieve this, revenue streams are evaluated using a five-step process. This ASU was effective for non-public business entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, however, on May 20, 2020, the FASB extended the required implementation period to fiscal years beginning after December 15, 2019. The Foundation adopted this new standard on July 1, 2020. The impact of adopting the standard has not resulted in a material change in accounting treatment for the Foundation's revenue streams. The adoption of the standard did not result in a cumulative-effect adjustment to beginning net assets.

In March 2019, the FASB issued ASU 2019-03 "*Not-for-Profit Entities (Topic 958) Updating the Definition of Collections*". This update, which is effective for fiscal years beginning after December 15, 2019, modifies the definition of the term collections and require that a collection-holding entity disclose its policy for the use of the proceeds from when collecting items are deaccessioned. The adoption of this standard had an impact on the disclosures.

In August 2018 the FASB issued ASU 2018-13 "*Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*". This update, which is effective for fiscal years beginning after December 15, 2019, removes, modifies and adds to fair value disclosure requirements. The Foundation adopted this new standard on July 1, 2020. The adoption of this standard had an impact on certain fair value disclosures.

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. Promises to give that are due in excess of one year are discounted using the Treasury yield rates as of the balance sheet date. Discount rates applied ranged from .07% to 1.45% as of June 30, 2021 and .16% to .49% as of June 30, 2020. Contributions receivable recognized at June 30, 2021 and 2020 were as follows:

NOTES TO FINANCIAL STATEMENTS

	<u>2021</u>	<u>2020</u>
Contributions receivable	\$ 37,878,772	\$ 7,689,291
Unamortized discount	<u>(1,985,036)</u>	<u>(65,417)</u>
	\$ 35,893,736	\$ 7,623,874
Allowance for uncollectible contributions	<u>(4,063,154)</u>	<u>(1,863,257)</u>
	<u>\$ 31,830,582</u>	<u>\$ 5,760,617</u>

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

	<u>2021</u>	<u>2020</u>
Amounts due in:		
In one year or less	\$ 13,622,551	\$ 4,896,140
Between one year and five years	17,874,925	2,238,132
More than five years	<u>6,381,296</u>	<u>555,019</u>
	<u>\$ 37,878,772</u>	<u>\$ 7,689,291</u>

Contributions receivable (net of unamortized discount) at June 30, 2021 and 2020 had the following restrictions:

	<u>2021</u>	<u>2020</u>
Restricted by donor imposed stipulations for University programs and activities	\$ 35,449,647	\$ 7,329,160
Restricted for endowments for University programs and activities and property acquisitions	<u>444,089</u>	<u>294,714</u>
	<u>\$ 35,893,736</u>	<u>\$ 7,623,874</u>

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 \$1,001,545 and \$555 were written off during the years ended June 30, 2021 and 2020, respectively.

Additionally, management reserved allowances of \$4,063,154 and \$1,863,257 for possible uncollectible contributions as of June 30, 2021 and 2020, 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 bad debt expense in current-period earnings. Actual pledge losses are deducted from, and subsequent recoveries are added to, the allowance.

NOTES TO FINANCIAL STATEMENTS

Note 3. Investments

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

Investments were composed of the following at June 30, 2021 and 2020:

	<u>Fair Market Value</u>	
	<u>2021</u>	<u>2020</u>
Certificates of deposit	\$ 828,975	\$ 823,193
Equities	22,884,825	14,604,588
Unit investment trusts and limited partnerships	29,119,724	21,461,170
Derivative assets	231,413	240,912
Mutual and exchange traded funds	75,444,740	64,044,040
Hedge funds and other alternative investments	<u>94,725,624</u>	<u>72,703,014</u>
	<u>\$223,235,301</u>	<u>\$173,876,917</u>

The table below summarizes the fair value and unfunded commitments of hedge funds and alternative investments as of June 30, 2021.

	<u>Fair Value</u>	<u>Unfunded Commitments</u>
Distressed opportunities	\$ 8,127	\$ -
Equity – long/short	3,338,869	-
Private equities	31,768,843	10,462,906
Other credit	26,168,344	3,141,375
Multi-strategy	33,441,440	-
Unit investment trust	<u>29,119,724</u>	<u>-</u>
	<u>\$123,845,347</u>	<u>\$ 13,604,281</u>

The table below summarizes the terms of hedge fund investments with respect to lockup periods, redemption frequencies and notice periods as of June 30 2021.

	<u>Lockup Period</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period</u>
Distressed opportunities	1 year + 7% penalty	Quarterly	90 days
Equity – long/short	N/A	Monthly	30 days
Private equities	4 - 13 years	Manager discretion	N/A
Other credit	0 – 10+ years	Daily, Quarterly, Manager Discretion	0-60 days
Multi-strategy	0 – 25 months	Monthly, Quarterly, Annual	5 - 90 days

NOTES TO FINANCIAL STATEMENTS

Distressed opportunities – This category includes funds that have investments in other hedge funds and private equity vehicles. The direct investments and underlying fund investments include securities in companies undergoing financial distress, operating difficulties or restructuring. The objectives of these funds are to invest in a diversified pool of underlying funds to provide the best return. Net asset values are determined either by utilizing market quotes (on those investments for which they are available) or based on the capital accounts of 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.

Equity – long/short – This category includes investments in hedge funds that seek to generate capital appreciation while maintaining a balanced level of risk by investing in a number of long/short equity based funds as well as other direct investments. Net asset values of these funds 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 that 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 investments in funds whose primary strategy is to build a diversified portfolio of top-performing private equity positions in both funds and direct investments in companies and corporations. Net asset values of these funds are determined by utilizing the latest unaudited or audited financial statements and performance reports of funds in which it invests. Any listed investments are valued at the last sales price on the date of determination. Any investments that 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.

Other credit – This category includes investments in various funds. The funds primarily invest in debt instruments of private and public companies, U.S. government and municipal securities, mortgage backed securities, asset backed securities and provide mezzanine capital to middle market businesses. The net asset values of these funds are determined based on portfolio valuations utilizing different valuation techniques, depending upon the investment involved. Market quotes are utilized where available. For those equity and debt securities where prices are not observable, which are generally private investments in equity and debt securities of operating companies, fair value is determined by reference to public market or private transactions for comparable assets. Net asset values are computed on a monthly basis.

Multi-strategy – This category includes investments in various 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 values of some funds use various inputs, including portfolio valuations that are received directly from independent sources. For those assets where no independent sources are available, the investment manager determines the fair values by other means, which may include obtaining appraisals. Some funds utilize a third party to provide the net asset calculation or rely on 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

NOTES TO FINANCIAL STATEMENTS

determination. For those investments where there is no quotation, the fair value is estimated at the net asset value calculated by the fund manager.

Unit investment trust – This category includes investments in various funds. The objective of these funds is to achieve long term capital appreciation by investing in global emerging markets, and international securities. The net asset values of these funds are valued using market values when available. In the absence of readily ascertainable market values for any assets, the funds will seek to obtain a valuation from an independent source.

The Foundation transacts in certain derivative investments as part of its overall investment strategy. The primary objective of these investments is to rebalance the portfolio investment allocations on a continuing basis.

These derivative investments have not been designated as hedges. The fair value of these derivative instruments are included within the “Investments” line item on the statement of financial position with changes in fair value reflected as realized gains (losses) or net change in unrealized gains (losses) on investments within the statement of activities.

As of June 30, 2021 and 2020, the volume of the Foundation’s derivative activities based on their notional amounts and number of contracts categorized by primary underlying risk were as follows:

<u>Primary Underlying Risk</u>	June 30, 2021			
	Long Exposure		Short Exposure	
	Notional Amounts	Number of Contracts	Notional Amounts	Number of Contracts
Equity Index Futures				
Options, Futures & Forwards	\$ 2,573,160	12	\$ -	0
International Equity Index Futures				
Options, Futures & Forwards	1,774,240	26	(4,723,405)	41
Fixed income Futures				
Options, Futures & Forwards	<u>10,298,360</u>	<u>76</u>	<u>-</u>	<u>0</u>
	<u>\$ 14,645,760</u>	<u>114</u>	<u>\$ (4,723,405)</u>	<u>41</u>

<u>Primary Underlying Risk</u>	June 30, 2020			
	Long Exposure		Short Exposure	
	Notional Amounts	Number of Contracts	Notional Amounts	Number of Contracts
Equity Index Futures				
Options, Futures & Forwards	\$ 7,725,500	50	\$ -	0
International Equity Index Futures				
Options, Futures & Forwards	640,705	13	(1,333,800)	(15)
Fixed income Futures				
Options, Futures & Forwards	<u>3,037,188</u>	<u>21</u>	<u>-</u>	<u>0</u>
	<u>\$ 11,403,393</u>	<u>84</u>	<u>\$ (1,333,800)</u>	<u>(15)</u>

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2021 and 2020, the fair value amounts of derivative instruments included in the statement of financial position, categorized by primary underlying risk were as follows:

<u>Primary Underlying Risk</u>	<u>June 30, 2021</u>		<u>Location in the Statement of Financial Position</u>
	<u>Derivative Asset</u>	<u>Derivative Liabilities</u>	
Equity Index Futures			
Options, Futures & Forwards	\$ 6,530	\$ -	Investments
International Equity Index Futures			
Options, Futures & Forwards	119,758	-	Investments
Fixed Income Futures			
Options, Futures & Forwards	<u>105,125</u>	<u>-</u>	Investments
Gross derivative assets and liabilities	\$ 231,413	-	
Less: Margin cash (offset)	<u>-</u>	<u>-</u>	Investments
	<u>\$ 231,413</u>	<u>\$ -</u>	
<u>Primary Underlying Risk</u>	<u>June 30, 2020</u>		<u>Location in the Statement of Financial Position</u>
	<u>Derivative Asset</u>	<u>Derivative Liabilities</u>	
Equity Index Futures			
Options, Futures & Forwards	\$ 211,037	\$ -	Investments
International Equity Index Futures			
Options, Futures & Forwards	10,681	(6,790)	Investments
Fixed Income Futures			
Options, Futures & Forwards	<u>25,984</u>	<u>-</u>	Investments
Gross derivative assets and liabilities	\$ 247,702	(6,790)	
Less: Margin cash (offset)	<u>(6,790)</u>	<u>6,790</u>	Investments
	<u>\$ 240,912</u>	<u>\$ -</u>	

Amounts are presented on a gross basis, prior to netting cash margin accounts.

NOTES TO FINANCIAL STATEMENTS

The following identifies the net gain and loss amounts included in the statement of activities from derivative contracts, categorized by primary underlying risk, for the year ended June 30, 2021 and 2020.

<u>Primary Underlying Risk</u>	<u>June 30, 2021</u>		<u>Location of Gain (Loss) In the Statement of Activities</u>
	<u>Realized Gain or (Loss) on Derivatives</u>	<u>Change in Unrealized Appreciation or (Depreciation) on Derivatives</u>	
Equity Index Futures			
Options, Futures & Forwards	\$ 1,883,451	\$ (204,507)	Net gains and (losses) on investments
International Equity Index Futures			
Options, Futures & Forwards	(660,392)	73,202	Net gains and (losses) on investments
Fixed Income Futures			
Options, Futures & Forwards	<u>(248,902)</u>	<u>121,806</u>	Net gains and (losses) on investments
Total	<u>\$ 974,157</u>	<u>\$ (9,499)</u>	

<u>Primary Underlying Risk</u>	<u>June 30, 2020</u>		<u>Location of Gain (Loss) In the Statement of Activities</u>
	<u>Realized Gain or (Loss) on Derivatives</u>	<u>Change in Unrealized Appreciation or (Depreciation) on Derivatives</u>	
Equity Index Futures			
Options, Futures & Forwards	\$ 1,513,875	\$ 121,728	Net gains and (losses) on investments
International Equity Index Futures			
Options, Futures & Forwards	640,139	(494)	Net gains and (losses) on investments
Fixed Income Futures			
Options, Futures & Forwards	<u>232,004</u>	<u>25,421</u>	Net gains and (losses) on investments
Total	<u>\$ 2,386,018</u>	<u>\$ 146,655</u>	

NOTES TO FINANCIAL STATEMENTS

Note 4. Property and Equipment

A summary of property and equipment at June 30, 2021 and 2020 follows:

	2021	2020
Buildings	\$ 11,166,575	\$ 11,143,108
Real estate	2,536,444	2,356,413
Vehicles	163,719	163,719
Furniture and equipment	764,974	757,152
Construction in progress	-	3,266
	\$ 14,631,712	\$ 14,423,658
Less: accumulated depreciation	(5,588,376)	(5,277,498)
	\$ 9,043,336	\$ 9,146,160

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. Depreciation expense totaled \$316,166 and \$320,988 for the year ended June 30, 2021 and 2020, respectively.

Note 5. Funds Held in Custody

One of the Foundation's primary objectives is to raise funds to provide endowed professorships and chairs as well as first generation and superior graduate student scholarships 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. First generation and superior graduate student scholarships are established at \$100,000. 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, 2021 and 2020 were \$52,140,475 and \$41,328,489, respectively.

Total payments to the University from these endowments amounted to \$2,334,085 and \$2,073,710 for the years ended June 30, 2021 and 2020, respectively.

NOTES TO FINANCIAL STATEMENTS

The following is a recap of these endowments (both the Foundation and State portions) as of June 30, 2021 and 2020:

	<u>June 30, 2021</u>		
	<u>Donor Restricted Available for Appropriation</u>	<u>Donor Restricted To be held in Perpetuity</u>	<u>Total</u>
State portion:			
Funds held in custody	\$ 24,458,954	\$ 27,681,521	\$ 52,140,475
Foundation portion	<u>24,457,184</u>	<u>59,854,176</u>	<u>84,311,360</u>
Total Endowed Professorships, Chairs and Scholarships	<u>\$ 48,916,138</u>	<u>\$ 87,535,697</u>	<u>\$136,451,835</u>
	<u>June 30, 2020</u>		
	<u>Donor Restricted Available for Appropriation</u>	<u>Donor Restricted To be held in Perpetuity</u>	<u>Total</u>
State portion:			
Funds held in custody	\$ 13,946,968	\$ 27,381,521	\$ 41,328,489
Foundation portion	<u>9,596,944</u>	<u>58,975,606</u>	<u>68,572,550</u>
Total Endowed Professorships, Chairs and Scholarships	<u>\$ 23,543,912</u>	<u>\$ 86,357,127</u>	<u>\$109,901,039</u>

Note 6. Long-Term Debt

Notes payable as of June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Note payable, with a 4.75% interest rate, 180 monthly principal and interest payments of \$3,269 maturing on June 5, 2031, secured by land with a carrying value of \$500,000 to E. St. Mary (Vacant lot)	\$ 310,829	\$ 334,470
Paycheck Protection Program loan, interest rate of 1.00%, 18 monthly principal and interest payments of \$11,252, beginning November 23, 2020, maturing April 23, 2022.	-	199,900
Paycheck Protection Program loan, interest rate of 1.00%, principal and interest due at maturity, maturing March 24, 2026	<u>219,755</u>	<u>-</u>
	<u>\$ 530,584</u>	<u>\$ 534,370</u>

NOTES TO FINANCIAL STATEMENTS

Aggregate maturities on long-term debt are as follows at June 30, 2021:

2022	\$ 24,805
2023	26,027
2024	27,276
2025	28,651
2026	249,817
2025-2031	<u>174,008</u>
	<u>\$ 530,584</u>

Cash paid for interest during the fiscal years ended June 30, 2021 and 2020 was \$17,291 and \$16,769, respectively.

On April 23, 2020, the Foundation received loan proceeds in the amount of \$199,900 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. On April 27, 2021, the paycheck protection loan was forgiven in full. A gain on the forgiveness of the Paycheck Protection Program Loan in the amount of \$199,900 was included in other income on the statement of activities for the year ended June 30, 2021.

On March 24, 2021, the Foundation received loan proceeds in the amount of \$219,755 under a second draw of the PPP. The Foundation may be eligible for loan forgiveness of the full amount plus accrued interest within ten months. The maximum amount that may be eligible for forgiveness will be based on the amount of payroll costs, mortgage interest, rent expenses, utilities, and other eligible expenses paid by the Foundation. The actual amount that will be forgiven may be subject to a cap on the amount of non-payroll expenses that will be deemed eligible for forgiveness and will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the PPP loan is due 5 years from the date of the note. Unpaid principal and accrued interest is payable at maturity at an interest rate of 1%, with a deferral of payments for the first ten months. The Foundation intends to use the proceeds for the purpose consistent with the PPP. While the Foundation currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot assure that it will not take actions that would cause the Foundation to be ineligible for forgiveness of the loan, in whole or in part.

Note 7. Board designated net assets

As of June 30, 2021 and 2020, the board designated quasi-endowment, established to help support the University, amounted to \$3,780,837 and \$2,922,085, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 8. Net assets with donor restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30:

	2021	2020
Subject to expenditure for a specified purpose		
University programs and projects	\$ 46,977,667	\$ 20,788,294
Subject to spending policy and appropriation		
University programs and projects – purpose restrictions	28,676,407	10,602,134
Endowed Chairs and Professorships – purpose restrictions	24,457,184	9,596,944
Not subject to appropriation or expenditure		
University programs and projects – perpetuity	54,629,155	52,980,669
Endowed Chairs and Professorships – perpetuity	59,854,177	58,975,606
Total net assets with donor restrictions	\$ 214,594,590	\$ 152,943,647

Note 9. Endowments and Net Asset Classifications

The Foundation’s endowments consist of approximately 1,200 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, 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 as 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.

NOTES TO FINANCIAL STATEMENTS

The following is the endowment net asset composition by type of fund as of June 30, 2021 and 2020:

	Without Donor Restrictions <u>June 30, 2021</u>	With Donor Restrictions <u>June 30,2021</u>	Without Donor Restrictions <u>June 30, 2020</u>	With Donor Restrictions <u>June 30,2020</u>
Board-designated quasi –endowment funds	\$ 3,780,837	\$ -	\$ 2,922,085	\$ -
Donor – restricted endowment funds	-	83,305,562	-	63,582,804
Chair and Professorship endowment funds	<u>-</u>	<u>84,311,361</u>	<u>-</u>	<u>68,572,549</u>
Net asset classifications	<u>\$ 3,780,837</u>	<u>\$167,616,923</u>	<u>\$ 2,922,085</u>	<u>\$132,155,353</u>
	Without Donor Restrictions <u>June 30, 2021</u>	With Donor Restrictions <u>June 30,2021</u>	Without Donor Restrictions <u>June 30, 2020</u>	With Donor Restrictions <u>June 30,2020</u>
Endowment net assets, beginning of year	\$ 2,922,085	\$132,155,353	\$ 3,077,590	\$129,806,013
Investment return:				
Interest and dividends	(11,534)	(255,742)	2,837	567,797
Net appreciation (realized and unrealized)	982,190	41,066,749	108,628	5,391,586
Contributions and transfers	(60,000)	1,737,121	(217,913)	811,646
Appropriation for expenditure	<u>(51,904)</u>	<u>(7,086,558)</u>	<u>(49,057)</u>	<u>(4,421,689)</u>
Endowment net assets, end of year	<u>\$ 3,780,837</u>	<u>\$167,616,923</u>	<u>\$ 2,922,085</u>	<u>\$132,155,353</u>

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. These deficiencies usually result from unfavorable market fluctuations that occur over the life of the endowment. The fair value of endowments with deficiencies as of June 30, 2021 was \$551,184. The amounts of these endowments required to be maintained amounted to \$709,044, resulting in a deficiency of \$157,860.

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

NOTES TO FINANCIAL STATEMENTS

average rate of return of approximately 5% annually (net of fees). 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 up to 5% of its endowment fund's market value at the fiscal year-end preceding 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 effects 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 10. 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, 2021 and 2020:

	2021	2020
Payments to benefit University of Louisiana at Lafayette	\$ 11,413,057	\$ 15,250,841
Depreciation expense	217,498	6,394
Bad debt expense (recovery)	3,148,371	191,858
Administrative fees	2,659,418	2,443,341
Fundraising and other expenses	15,426	87,794
	\$ 17,453,770	\$ 17,980,228

NOTES TO FINANCIAL STATEMENTS

Note 11. Specified Projects – Program Expenses

The following is a detail of amounts paid to benefit the University:

	2021	2020
Arts and Humanities	\$ 168,035	\$ 183,338
Athletics	4,468,440	7,945,581
Business Administration	1,021,719	911,325
Education	189,506	191,434
Engineering	902,618	1,018,951
Liberal Arts	440,952	531,942
Nursing	338,367	272,004
Scholarships	2,132,657	2,129,313
Sciences	430,057	477,779
University Art Museum	103,905	458,556
University Services	1,048,861	985,564
All others	269,457	276,632
	<u>\$ 11,514,574</u>	<u>\$ 15,382,419</u>

The Foundation invests and manages donations and endowed funds for the University. These endowed and non-endowed funds are accounted for as either with donor restrictions or without donor restrictions based upon donor stipulations. 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 services within the statements of activities.

Note 12. 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) with a carrying value of \$55,000. The lease is for 99 years at a rental rate of \$10 annually.

Note 13. Disclosure about Fair Value of Financial Instruments

The Foundation groups financial assets and liabilities measured at fair value on a recurring basis 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:

NOTES TO FINANCIAL STATEMENTS

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:

	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using:</u>			
		<u>Quoted Prices In Active Markets for Assets/ Liabilities Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Other Unobservable Inputs Level 3</u>	<u>Significant Investments Measured at Net Asset Value</u>
<u>As of June 30, 2021</u>					
Investments:					
Certificates of deposit	\$ 828,975	\$ -	\$ -	\$ 828,975	\$ -
Equities	22,884,825	22,884,825	-	-	-
Unit investment trusts and limited partnerships	29,119,724	-	-	-	29,119,724
Exchange traded funds	38,058,379	38,058,379	-	-	-
Investments in derivatives:					
Derivative assets	231,413	231,413	-	-	-
Mutual funds:					
International equities	8,306,653	8,306,653	-	-	-
Domestic equities	9,061,692	9,061,692	-	-	-
Government agency bonds	1,525,975	1,525,975	-	-	-
Fixed income	18,492,042	18,492,042	-	-	-
Hedge funds and alternatives:					
Distressed opportunities	8,127	-	-	-	8,127
Equity – long/short	3,338,869	-	-	-	3,338,869
Private equities	31,768,843	-	-	-	31,768,843
Other credit	26,168,344	-	-	-	26,168,344
Multi-strategy	33,441,440	-	-	-	33,441,440
Total investments	<u>\$223,235,301</u>	<u>\$ 98,560,979</u>	<u>\$ -</u>	<u>\$ 828,975</u>	<u>\$123,845,347</u>

NOTES TO FINANCIAL STATEMENTS

	<u>Fair Value Measurements at Reporting Date Using:</u>				
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Assets/ Liabilities Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Other Unobservable Inputs Level 3</u>	<u>Significant Investments Measured at Net Asset Value</u>
<u>As of June 30, 2020</u>					
Investments:					
Certificates of deposit	\$ 823,193	\$ -	\$ -	\$ 823,193	\$ -
Equities	14,604,588	14,604,588	-	-	-
Unit investment trusts and limited partnerships	21,461,170	31,655	-	-	21,429,515
Exchange traded funds	27,307,380	27,307,380	-	-	-
Investments in derivatives:					
Derivative assets	240,912	240,912	-	-	-
Mutual funds:					
International equities	6,197,284	6,197,284	-	-	-
Domestic equities	5,845,063	5,845,063	-	-	-
Government agency bonds	4,604,213	4,604,213	-	-	-
Fixed income	20,090,100	20,090,100	-	-	-
Hedge funds and alternatives:					
Distressed opportunities	293,130	-	-	-	293,130
Equity – long/short	2,627,979	-	-	-	2,627,979
Private equities	23,674,099	-	-	-	23,674,099
Other credit	19,178,515	-	-	-	19,178,515
Multi-strategy	<u>26,929,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,929,291</u>
Total investments	<u>\$173,876,917</u>	<u>\$ 78,921,195</u>	<u>\$ -</u>	<u>\$ 823,193</u>	<u>\$ 94,132,529</u>

Investments measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented are intended to permit the reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

NOTES TO FINANCIAL STATEMENTS

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

	<u>Certificates of Deposit</u>
Ending balance – June 30, 2019	\$ 813,494
Purchases	-
Sales, paydowns and redemptions	-
Investment income, gains and losses (realized and unrealized)	<u>9,699</u>
Ending balance – June 30, 2020	\$ 823,193
Purchases	-
Sales, paydowns and redemptions	-
Investment income, gains and losses (realized and unrealized)	<u>5,782</u>
Ending balance – June 30, 2021	<u>\$ 828,975</u>

During 2021 and 2020, the Foundation also recognized donated property and artworks of \$27,000 and \$8,500, respectively, at estimated fair value upon date of donation. All of these fair value estimates are considered to be Level 3 valuations.

Note 14. Related Party Transactions

The Foundation had accounts and scholarships payable to the University as of June 30, 2021 and 2020 in the amount of \$2,386,726 and \$3,359,923, respectively.

In addition, during 2021 and 2020, the Foundation made payments to benefit the University in the amounts of \$11,514,574 and \$15,382,419, respectively.

The Foundation is a party to contracts with athletic coaches for supplemental salaries. See Note 15 for further details.

Note 15. Commitments and Contingencies

During 2013, the Foundation consented to assign and pledge certain unrestricted athletic revenues derived from fundraising, premium seating, sponsorships and other similar sources for the purpose supporting the repayment of bonds issued on November 1, 2013 by the Ragin' Cajuns Facilities, Inc. The purpose of the bonds are to provide financing for renovations and additions to certain University athletic complexes. This commitment is limited to \$400,000 per year until the bonds are paid off in 2044.

As of June 30, 2021 and 2020, the Foundation had a liability of \$3,933,784 and \$2,792,406, respectively, payable to the University for athletic obligations related to supplemental coach's salaries. These accruals reflect amounts due for the years 2018, 2019, 2020 and 2021. These amounts will be paid from restricted athletic funds if and when available and requested by the University.

NOTES TO FINANCIAL STATEMENTS

Note 16. Liquidity and availability of financial assets

The following reflects the Foundation’s financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restriction or internal designations. Significantly all payments to the University throughout the year come from amounts considered donor restricted. These net assets are released from restriction and disbursed when the purpose or time restriction has been met. Amounts available include the board approved appropriation from the endowment funds for the following year as well as donor restricted amounts that are available for expenditure in the following year. Amounts not available include amounts set aside for operating and other reserves that could be drawn upon if the Foundation board approves the action.

	2021	2020
Financial assets, at year end	\$ 279,006,035	\$ 199,354,650
Less: unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(36,063,201)	(9,818,474)
Subject to appropriation and satisfaction of donor restrictions	(230,285,732)	(182,738,360)
Board designations:		
Quasi-endowment	<u>(3,780,837)</u>	<u>(2,922,085)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 8,876,265</u>	<u>\$ 3,875,731</u>

Note 17. Reclassifications

Certain reclassifications have been made in the financial statements at June 30, 2020, in order to be consistent with reporting in the current year. These reclassifications had no effect on previously reported net assets or changes in net assets.

Note 18. Coronavirus Pandemic

On January 30, 2020. The World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and business. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Foundation operates. It is unknown how long these conditions will last and what the complete financial effect will be on the Foundation. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

NOTES TO FINANCIAL STATEMENTS

Note 19. Subsequent Events

The Foundation evaluated the need for disclosures and/or adjustments resulting from subsequent events through, November 1, 2021, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
Years Ended June 30, 2021 and 2020

Agency Head: John Blohm, Chief Executive Officer

There were no compensation, benefits and other payments paid in the years ended June 30, 2021 and 2020 from public funds.

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAM

Year Ended June 30, 2021

	Football	Men's Basketball	Women's Basketball	Baseball	Softball	Tennis	Track	Golf	Soccer	Volleyball	Other	Total
<u>Revenues, gains (losses) and other support</u>												
Foundation contributions	\$ 620,624	\$ 68,997	\$ 26,115	\$ 487,344	\$ 182,543	\$ 6,000	\$ 5,000	\$ 94,372	\$ 5,425	\$ 3,825	\$3,106,779	\$ 4,607,024
Pledges accrued	10,583,867	19,373	5,200	33,210	95,115	-	-	3,250	-	-	612,261	11,352,276
Interest income	1,223	332	236	3,395	1,020	622	171	1,729	-	-	9,976	18,704
Other	75,750	-	-	-	-	-	-	-	-	-	-	75,750
Realized gains (losses)	12,162	3,300	2,341	33,741	10,167	6,182	1,703	17,218	-	-	99,620	186,434
Unrealized gains (losses)	59,419	16,124	11,439	164,856	49,564	30,205	8,319	83,963	-	-	485,263	909,152
Total revenues, gains (losses) and other support	<u>\$11,353,045</u>	<u>\$ 108,126</u>	<u>\$ 45,331</u>	<u>\$ 722,546</u>	<u>\$ 338,409</u>	<u>\$ 43,009</u>	<u>\$ 15,193</u>	<u>\$ 200,532</u>	<u>\$ 5,425</u>	<u>\$ 3,825</u>	<u>\$4,313,899</u>	<u>\$17,149,340</u>
<u>Expenses</u>												
Salary supplement	\$ 204,506	\$ (104,726)	\$ 24,540	\$ 436,607	\$ 130,635	\$ 2,015	\$ -	\$ -	\$ 383	\$ (5,051)	\$2,438,741	\$ 3,127,650
Construction costs	-	-	-	-	-	13,422	-	-	-	-	-	13,422
Equipment/furniture	125,063	14,958	-	32,827	24,262	1,294	-	22,361	-	-	65,646	286,411
Leases/rentals	-	-	-	7,875	(2,175)	-	-	-	-	-	6,394	12,094
Office supplies	-	-	-	-	-	-	-	-	-	-	1,687	1,687
Other operations supplies	15,080	340	2,026	68,049	6,260	76	2,052	296	220	333	60,074	154,806
Postage	-	-	-	-	-	-	-	-	-	-	596	596
Printing	2,604	409	-	267	2,122	-	-	192	-	-	21,734	27,328
Dues and subscriptions	47,380	4,544	-	3,600	8,148	1,445	-	2,952	-	-	63,303	131,372
Promotional/entertainment	641	6,132	1,796	19,199	599	5,758	134	7,364	1,608	6,354	323,125	372,710
Recognition	-	1,419	1,250	1,163	9,567	134	1,752	1,102	-	650	13,430	30,467
Donations	-	-	-	500	-	-	-	-	-	-	40,000	40,500
Travel	1,837	3,355	(281)	27,700	942	7,441	1,258	-	-	385	6,155	48,792
Taxable spousal expense	-	-	-	-	-	-	-	-	-	-	472	472
Recruiting	-	-	-	-	-	-	-	-	-	-	1,794	1,794
Administrative fees	21,765	4,176	2,051	31,188	8,807	2,223	780	8,844	271	191	175,626	255,922
Banking and credit card fees	-	-	-	-	-	-	-	-	-	-	30,120	30,120
Money management fee	2,061	559	397	5,720	1,719	1,048	289	2,906	-	-	16,827	31,526
Fundraising expenses	-	5,030	6,588	-	-	-	-	-	-	-	-	11,618

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF REVENUES AND EXPENSES OF INTERCOLLEGIATE ATHLETICS PROGRAM

Year Ended June 30, 2021

	Football	Men's Basketball	Women's Basketball	Baseball	Softball	Tennis	Track	Golf	Soccer	Volleyball	Other	Total
Legal expense – general	-	-	-	-	-	1,483	-	-	-	-	231	1,714
Professional service contracts	-	165	700	73,305	1,084	1,726	2,250	-	-	-	348,033	427,263
Scholarship	6,800	500	1,600	3,900	4,600	3,300	1,400	13,900	-	-	15,650	51,650
Stipends and honorariums	-	4,000	-	-	-	-	-	-	-	-	-	4,000
University services	100,000	-	-	401,372	9,500	-	-	-	-	-	415,860	926,732
Transfers	(34,564)	-	-	-	112,820	163	-	34,000	(30)	-	234,977	347,366
Total expenses	\$ 493,173	\$ (59,139)	\$ 40,667	\$1,113,272	\$ 318,890	\$ 41,528	\$ 9,915	\$ 93,917	\$ 2,452	\$ 2,862	\$ 4,280,475	\$ 6,338,012
Excess (deficiency) of revenues, gains, (losses) and other support over (under)												
Expenses	<u>\$10,859,872</u>	<u>\$ 167,265</u>	<u>\$ 4,664</u>	<u>\$ (390,726)</u>	<u>\$ 19,519</u>	<u>\$ 1,481</u>	<u>\$ 5,278</u>	<u>\$ 106,615</u>	<u>\$ 2,973</u>	<u>\$ 963</u>	<u>\$ 33,424</u>	<u>\$10,811,328</u>

INDEPENDENT AUDITORS' 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, 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, the financial statements of the University of Louisiana at Lafayette Foundation, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated November 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

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 Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Broussard Locke LLC". The signature is written in a cursive, flowing style.

Lafayette, Louisiana
November 1, 2021

UNIVERSITY OF LOUISIANA AT LAFAYETTE FOUNDATION, INC.

SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended June 30, 2021

We have audited the financial statements of University of Louisiana at Lafayette Foundation, Inc. as of and for the year ended June 30, 2020, and have issued our report thereon dated November 1, 2021. 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, 2021 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

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

Internal Control

Material weaknesses Yes None Reported

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

Compliance

Compliance Material to Financial Statements Yes 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, 2021

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.