

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Baton Rouge, Louisiana

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2021

Roslyn J. Johnson, LLC
Certified Public Accountant

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
University of Louisiana System Foundation
Baton Rouge, Louisiana

Opinion

I have audited the accompanying financial statements of **University of Louisiana System Foundation (the Foundation)**, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of Louisiana System Foundation as of December 31, 2021, and the change in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Foundation, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that raise substantial doubt shortly thereafter.

University of Louisiana System Foundation
Independent Auditor's Report
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2022, on my consideration of **University of Louisiana System Foundation's** internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an

University of Louisiana System Foundation
Independent Auditor's Report
(Concluded)

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.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Roslyn J. Johnson, LLC

Certified Public Accountant

Baton Rouge, Louisiana
June 24, 2022

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Statements of Financial Position
December 31, 2021

ASSETS

Current Assets

Cash in bank - restricted	\$79,455
Cash in bank - unrestricted	<u>45,406</u>

Total Assets 124,861

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	<u>27,000</u>
Total Current Liabilities	<u>27,000</u>

NET ASSETS

Without donor restrictions:	
Undesignated	58,027
With donor restrictions:	<u>39,834</u>
Total Net Assets	<u>97,861</u>

Total Liabilities and Net Assets \$124,861

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Statement of Activities
December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 56,074	\$ 39,834	\$ 95,908
Interest income	1,482		1,482
	<u>57,556</u>	<u>39,834</u>	<u>97,390</u>
Total Revenues and Support			
Expenses			
Program Services			
Conference expenses	4,150		4,150
Scholarships	1,500	800,000	801,500
Management and General			
Professional services	75,300		75,300
Other	6,124		6,124
	<u>87,074</u>	<u>800,000</u>	<u>887,074</u>
Total Expenses			
Change in Net Assets	(29,518)	(760,166)	(789,684)
Net Assets - Beginning of Year	<u>87,545</u>	<u>800,000</u>	<u>887,545</u>
Net Assets - End of Year	<u>\$ 58,027</u>	<u>\$ 39,834</u>	<u>\$ 97,861</u>

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Statements of Cash Flows
December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (789,684)
Adjustments to reconcile change in net assets to cash provided by operating activities:	
Increase in Accounts payable	<u>(12,000)</u>
Net cash provided (used) by operating activities	<u>(801,684)</u>
Net decrease in cash	(801,684)
CASH AT BEGINNING OF YEAR	<u>926,545</u>
CASH AT END OF YEAR	<u><u>\$ 124,861</u></u>

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION

Notes to the Financial Statements
December 31, 2021

Note 1 – Organization

University of Louisiana System Foundation (the Foundation) was incorporated in August 1987 under the provisions of Louisiana Revised Statute 12:201. The Foundation was organized for the purpose of promoting the educational and cultural welfare of the University of Louisiana System, aiding students in continuing his or her studies within the System, and soliciting and accepting donations for the purpose of providing scholarships and activities in research. The Foundation currently has a Board of Directors comprised of six members, which represent the entire membership of the corporation.

Note 2 - Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standard's Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ACS 958, **the Foundation** reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by **the Foundation** is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are those net assets received with donor-imposed restrictions limiting **the Foundation's** use of the assets. The Foundation at December 31, 2021 had net assets of \$39,834 with donor restrictions.

C. Net Assets Released from Restrictions

Expiration of temporary restrictions of net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

University of Louisiana System Foundation
Notes to the Financial Statements
(Continued)

assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

E. Cash and Cash Equivalents

The Foundation's cash consist of interest-bearing demand deposits with a financial institution. At December 31, 2021, **the Foundation's** cash in the bank totaled \$124,861 as reported on the Statements of Financial Position. For purposes of reporting the statement of cash flows, **the Foundation** considers all highly liquid debt instruments purchased with original maturities of three month or less to be cash equivalents. **The Foundation** had no cash equivalents at December 31, 2021.

F. Contributions

Contributions represent cash donations to **the Foundation** and are recognized as support when received. Contributions received and subject to donor restrictions are reported in net assets as "With Donor Restrictions".

G. Functional Expenses

Expenses included in the program services column on the statement of activities are those expenses that are directly identifiable with a specific program. Management and general expenses include those expenses that are not directly identifiable with any other specific function but rather provide for the overall support and direction of **the Foundation**. Under Program Services scholarships totaling \$800,000 were awarded through the new S.T.E.M. (Science, Technology, Engineering and Math) Professorships with funds being evenly divided (50%) each between males and females.

H. Income Taxes

Income taxes are not provided for in the financial statements since **the Foundation** is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

I. Contributed Services

Professional accounting services and office space have been provided to **the Foundation** at no cost. The contributions are not significant and have not been recorded in the financial statements. **The Foundation** has no other employees.

J. Liquidity Management

As of December 31, 2021, **the Foundation** has financial assets of \$124,861 in cash, with \$79,455 subject to donor restrictions and the remaining balances of \$45,406, which could be made readily available within one year of the statement of financial position date to meet management and general expenditures. As part of its liquidity management, **the Foundation** has a policy to

University of Louisiana System Foundation
Notes to the Financial Statements
(Concluded)

structure its financial assets to be made available as management and general expenditures, liabilities, and other obligations become due.

Note 3 – Concentration of Credit Risk

As of December 31, 2021, the **Foundation** has cash (book balances) totaling \$124,861. These deposits are stated at costs, which approximate market and are fully secured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Note 4 – Board Designation of Net Assets

At December 31, 2021, the **Foundation's** Board has not designated any portion of net assets for specific purposes.

Note 5 – Board of Directors Compensation

The six members of the Board of Directors serve without compensation but may be reimbursed for necessary expenses in the discharge of their duties. There were no reimbursements made to board members during December 31, 2021.

Note 6– Subsequent Events

The Foundation is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **The Foundation** performed such an evaluation through June 24, 2022, the date which the financial statements were available to be issued and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition of disclosure.

OTHER REPORTS

**Independent Auditor's 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 Directors
University of Louisiana System Foundation
Baton Rouge, Louisiana

I have audited, in accordance with the 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 United States, the financial statements of the governmental activities of **University of Louisiana System Foundation (the Foundation)** a nonprofit corporation, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements and have issued my report thereon dated June 24, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, I do not express an opinion on the effectiveness of the Foundation's internal control.

A *deficiency in internal controls* 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. 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 of those charged with governance.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, I 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 financial statements. However, providing an opinion on compliance with those provisions

University of Louisiana System Foundation
Independent Auditor's 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*

was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
June 24, 2022

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Schedule of Findings and Questioned Costs
December 31, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Audit

Type of auditor's report issued:		Unmodified	
Internal control over financial reporting:			
Material weakness (es) identified?	_____ Yes	_____ X	No
Significant deficiency (ies) identified ?	_____ Yes	_____ X	No
Noncompliance material to financial statements noted?	_____ Yes	_____ X	No
Management Letter Comments	_____ Yes	_____ X	No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings or questioned costs for the year ended December 31, 2021.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Schedule of Findings and Questioned Costs
December 31, 2021

No matters reported in prior year.