EISNERAMPER

# UNIVERSITY OF NEW ORLEANS RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Financial Statements

December 31, 2023

**UNIVERSITY OF NEW ORLEANS**
**RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

December 31, 2023

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# INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
University of New Orleans
Research and Technology Foundation, Inc.

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of the University of New Orleans Research and Technology Foundation, Inc., (a nonprofit organization (The Foundation), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statement of activities and changes in net assets, functional expenses, and cash flow for the year then ended, and the related consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of University of New Orleans Research and Technology Foundation, Inc. as of December 31, 2023, and the consolidated results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Prior Period Financial Statements and Report on Supplementary Information*

The financial statements of the University of New Orleans Research and Technology Foundation, Inc., for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on May 19, 2023.

### *Responsibilities of Management 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, 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 one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2024, 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 the 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.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
May 28, 2024

**UNIVERSITY OF NEW ORLEANS**

**RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Statements of Financial Position

As of December 31, 2023 and 2022

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Current assets: | | | | |
| Cash and cash equivalents | $ | 1,860,191 | $ | 1,945,536 |
| Receivables | | 1,822,770 | | 1,306,179 |
| Financing lease receivable | | 1,645,000 | | 1,560,000 |
| Investments | | 16,074,883 | | 13,767,298 |
| Other current assets | | 408,328 | | 353,161 |
| Total current assets | | 21,811,172 | | 18,932,174 |
| Non-current assets: | | | | |
| Financing lease receivable | | 26,615,000 | | 28,260,000 |
| Property and equipment, net | | 34,142,842 | | 36,264,330 |
| Other non-current assets | | 253,612 | | 106,945 |
| Total non-current assets | | 61,011,454 | | 64,631,275 |
| Total assets | $ | 82,822,626 | $ | 83,563,449 |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | $ | 483,701 | $ | 475,481 |
| Due to affiliates | | 583,020 | | 7,254 |
| Prepaid rent | | 559,369 | | 698,312 |
| Amounts held in custody for others | | 103,243 | | 89,318 |
| Amounts held in custody for affiliates | | - | | 3,081 |
| Interest payable | | 343,468 | | 348,808 |
| Notes payable | | 480,326 | | 501,591 |
| Bonds payable, net | | 1,614,296 | | 1,529,296 |
| Other current liabilities | | 20,307 | | 14,250 |
| Total current liabilities | | 4,187,730 | | 3,667,391 |
| Non-current liabilities: | | | | |
| Notes payable | | 735,391 | | 1,215,718 |
| Prepaid rent, net of current portion | | 25,527 | | 299,772 |
| Bonds payable, net | | 26,287,491 | | 27,901,787 |
| Total non-current liabilities | | 27,048,409 | | 29,417,277 |
| Total liabilities | | 31,236,139 | | 33,084,668 |
| Net assets: | | | | |
| Without donor restrictions | | 51,469,621 | | 50,359,306 |
| With donor restrictions | | 116,866 | | 119,475 |
| Total net assets | | 51,586,487 | | 50,478,781 |
| Total liabilities and net assets | $ | 82,822,626 | $ | 83,563,449 |

The accompanying notes are an integral part of these financial statements

**UNIVERSITY OF NEW ORLEANS**

**RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2023 and 2022

| Changes in net assets without donor restrictions: | 2023 | 2022 |
|---|---|---|
| Revenues and support | | |
| Federal grants and contracts | $ 507,458 | $ 907,411 |
| Non-federal grants and contracts | 9,988 | 9,406 |
| International programs | 687,228 | 461,499 |
| Property operations | 7,428,735 | 6,923,703 |
| Amortized tenant improvements | 497,434 | 501,693 |
| Student housing | 1,056,574 | 1,241,482 |
| Technology transfer | 20,061 | 20,041 |
| Investment earnings, net of investment expenses of $40,369 and $36,205, respectively | 1,933,817 | (2,029,400) |
| Gain from bond refinancing | - | 868,942 |
| Management fees | 77,594 | - |
| Other revenues | 65,350 | 4,398 |
| Total revenues and other support without donor restrictions before net assets released from restriction | 12,284,239 | 8,909,175 |
| Net assets released from restrictions: | | |
| Net assets released from restriction | 2,609 | 2,610 |
| Total revenues and other support without donor restrictions | 12,286,848 | 8,911,785 |
| Expenses | | |
| Program services: | | |
| Property operations | $ 7,082,697 | $ 6,724,688 |
| Student housing | 1,100,722 | 1,159,224 |
| Federal grants and contracts | 466,280 | 860,882 |
| International programs | 654,467 | 439,523 |
| Other University support | 600,712 | 867,889 |
| Technology transfers | 14,000 | 14,285 |
| Total program expenses | 9,918,878 | 10,066,491 |
| Supporting services: | | |
| General and administrative expenses | 1,257,655 | 928,542 |
| Loss on asset disposal | - | 13,756 |
| Total expenses | 11,176,533 | 11,008,789 |
| Increase/(decrease) in net assets without donor restrictions | 1,110,315 | (2,097,004) |
| Changes in net assets with donor restrictions: | | |
| Net assets released from restrictions | (2,609) | (2,610) |
| Decrease in net assets with donor restrictions | (2,609) | (2,610) |
| Change in net assets | 1,107,706 | (2,099,614) |
| Net assets, at beginning of year | 50,478,781 | 52,578,395 |
| Net assets, at end of year | $ 51,586,487 | $ 50,478,781 |

The accompanying notes are an integral part of these financial statements

**UNIVERSITY OF NEW ORLEANS**

**RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Statements of Functional Expenses

For the years ended December 31, 2023 and 2022

**2023**

| | Program expenses | General and administrative expenses | Total |
|---|---|---|---|
| Donations to university/affiliates | $ 128,179 | $ - | $ 128,179 |
| Employee compensation | - | 853,316 | 853,316 |
| Fees for services | 3,416,347 | 279,431 | 3,695,778 |
| Advertising and promotion | 26,970 | 33,299 | 60,269 |
| Office expenses | 36,265 | 28,869 | 65,134 |
| Information technology | 71,125 | 43,716 | 114,841 |
| Royalties | 14,000 | - | 14,000 |
| Occupancy | 2,069,059 | 19 | 2,069,078 |
| Travel | 630,183 | 3,726 | 633,909 |
| Conferences, conventions, and meetings | 65,682 | 15,279 | 80,961 |
| Interest | 1,056,574 | - | 1,056,574 |
| Insurance | 373 | - | 373 |
| Depreciation and amortization | 2,679,040 | - | 2,679,040 |
| Property operation/maintenance supplies | 88,795 | - | 88,795 |
| Other | 11,286 | - | 11,286 |
| Total expenses | $ 10,293,878 | $ 1,257,655 | $ 11,551,533 |

**2022**

| | Program expenses | General and administrative expenses | Total |
|---|---|---|---|
| Donations to university affiliates | $ 187,390 | $ - | $ 187,390 |
| Employee compensation | 78,935 | 608,308 | 687,243 |
| Fees for services | 3,353,138 | 233,668 | 3,586,806 |
| Advertising and promotion | 410 | 2,028 | 2,438 |
| Office expenses | 47,284 | 29,672 | 76,956 |
| Information technology | 65,798 | 33,649 | 99,447 |
| Royalties | 14,000 | - | 14,000 |
| Occupancy | 1,943,230 | 10 | 1,943,240 |
| Travel | 378,395 | 6,135 | 384,530 |
| Conferences, conventions, and meetings | 142,530 | 15,072 | 157,602 |
| Interest | 1,100,801 | - | 1,100,801 |
| Insurance | 7,748 | - | 7,748 |
| Depreciation and amortization | 2,651,163 | - | 2,651,163 |
| Property operation/maintenance supplies | 76,679 | - | 76,679 |
| Other | 18,990 | - | 18,990 |
| | $ 10,066,491 | $ 928,542 | $ 10,995,033 |
| Plus non-recurring expenses: | | | |
| Loss on asset disposal | - | - | 13,756 |
| Total expenses | $ 10,066,491 | $ 928,542 | $ 11,008,789 |

The accompanying notes are an integral part of these financial statements

**UNIVERSITY OF NEW ORLEANS**

**RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Cash flows from operating activities | | | | |
| Change in net assets | $ | 1,107,706 | $ | (2,099,614) |
| Adjustments to reconcile change in net assets to cash flows from operating activities | | | | |
| Amortization of cost of bond issuance and bond insurance | | 30,704 | | 38,323 |
| Amortization of bond premium | | - | | (140,685) |
| Amortization of tenant improvements | | (475,266) | | (501,693) |
| Amortization of initial direct costs | | 82,769 | | 84,129 |
| Depreciation expense | | 2,543,399 | | 2,536,078 |
| Realized loss on investments | | 132,421 | | 461,017 |
| Unrealized (gain)/loss on investments | | (1,593,273) | | 1,910,598 |
| Loss from asset disposal | | - | | 13,756 |
| Gain from bond refinancing | | - | | (868,942) |
| Changes in assets and liabilities: | | | | |
| Receivables | | (516,591) | | (465,694) |
| Other current assets | | (12,724) | | (83,154) |
| Other non-current assets | | (271,879) | | (24,176) |
| Other current liabilities | | 6,057 | | 258 |
| Payables and accrued liabilities | | 8,220 | | 3,790 |
| Due to affiliates | | 575,766 | | (15,060) |
| Prepaid rent | | 84,246 | | (149,959) |
| Amounts held in custody for others and affiliates | | 10,844 | | (55,265) |
| Interest payable | | (5,340) | | (105,996) |
| Net cash provided by operating activities | | 1,707,059 | | 537,711 |
| Cash flows from investing activities: | | | | |
| Purchases of investments | | (8,491,774) | | (23,445,570) |
| Sales of investments | | 7,645,041 | | 19,813,832 |
| Receipts on capital leases | | 1,560,000 | | 65,000 |
| Purchases of fixed assets | | (444,079) | | (324,195) |
| Net cash used in investing activities | | 269,188 | | (3,890,933) |
| Cash flows from financing activities | | | | |
| Principal payments on notes payable | | (501,592) | | (486,852) |
| Principal payments and refunding of bonds payable | | (1,560,000) | | (29,885,000) |
| Proceeds from series 2022 issuance | | - | | 29,820,000 |
| Net cash used in financing activities | | (2,061,592) | | (551,852) |
| Change in cash and cash equivalents | | (85,345) | | (3,905,074) |
| Cash and cash equivalents at beginning of year | | 1,945,536 | | 5,850,610 |
| Cash and cash equivalents at end of year | $ | 1,860,191 | $ | 1,945,536 |
| SUPPLEMENTAL NON-CASH FLOW DISCLOSURE | | | | |
| Cash paid during the year for interest | $ | 1,115,418 | $ | 1,418,735 |

The accompanying notes are an integral part of these financial statements

**UNIVERSITY OF NEW ORLEANS**
**RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2023 and 2022

## (1) Summary of Significant Accounting Policies

### *(a) History and Organization*

The University of New Orleans Research and Technology Foundation, Inc. (the Foundation), a registered non-profit corporation in Louisiana, was established on March 3, 1997 to accomplish the following purposes.

1) As its principal purpose, to support any and all appropriate programs, facilities and research and educational opportunities offered by the University of New Orleans (the University) and the University of Louisiana System (the UL System);

2) To promote and support the well-being and advancement of the University and all the colleges, schools, departments, and divisions comprising it, and to develop, expand, and improve the University's curricula, programs, and facilities so as to provide greater educational advantages and opportunities; encourage teaching, research, scholarship, and service, and increase the University's benefits to the citizens of the State of Louisiana, the United States of America and the world; be fulfilled and removed by actions of the Foundation pursuant to those stipulations;

3) To engage in scientific research carried on for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of or retention of, an industry in the community or area;

4) To promote the development of high technology industries and research in Louisiana,

5) To create, develop, construct, operate, manage and finance one or more research and technology parks, technology enterprise centers and other facilities and operations which promote development of research, development and high technology in Louisiana;

6) To increase employment opportunities in Louisiana;

7) To promote research and development in Louisiana;

8) To promote cooperation between the public and private sector with respect to research and development;

9) To attract nationally prominent scientists and researchers to the University;

10) To maximize research capabilities in Louisiana;

**(1) Summary of Significant Accounting Policies (continued)**

***(a) History and Organization (continued)***

11) To solicit and accept, whether by way of outright, limited or conditional gifts, grants and bequests, in trust or otherwise, donations of all kinds, including property, both real and personal, whether principal or income, tangible or intangible, vested or contingent, for the purpose of providing funds or property for the general purposes of the corporation and for research, instructional activities, scholarships, public service activities, and such other designated benefits for the University and its faculty, staff and students as may be prescribed by donors or testators to the corporation;

12) To exercise all such powers and authority as may be necessary for the accomplishment of the objectives and purposes herein set forth and to do any and all other things related to or connected therewith which are not forbidden by law.

Significant sources of revenue to the Foundation include grants, contracts, tenant rents, and property operations revenues and support to carry out these objectives. The Foundation did not receive any state or local governmental funds to support its operations or its programs during the years ended December 31, 2023 and 2022.

***(b) Basis of Presentation***

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies followed in the preparation of the accompanying financial statements are described below.

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Foundation's management and the board of directors. The revenues received and expenses incurred in conducting the mission of the Foundation are included in this category. The Foundation has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Foundation, and therefore, the Foundation's policy is to record these net assets as without donor restrictions.
- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor or grantor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor or grantor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**(1) Summary of Significant Accounting Policies (continued)**

***(b) Basis of Presentation (continued)***

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Changes in Net Assets. Net assets with donor restrictions consist of a private donation made in 2012 of property to house an urban art gallery with a net book value of $116,866 and $119,475 as of December 31, 2023 and 2022, respectively.

***(c) Cash and Cash Equivalents***

For the purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

***(d) Amounts Held in Custody For Others and Affiliates***

Amounts held in custody for others consist of security deposits from building tenants. The tenants are required to pay a security deposit at the beginning of their lease. Amounts held in custody for affiliates consist of amounts held for use in support of the University.

***(e) Receivables***

Accounts receivable and financing receivables are considered delinquent after a period of nonpayment of 90 days. Although credit risks associated with tenants for accounts receivable or lessees for financing receivables are considered minimal, a review is routinely made of accounts receivable balances, and provisions for doubtful accounts are made. In circumstances where management is aware of a specific inability to meet their financial obligations (e.g., bankruptcy filings), a specific reserve is recorded to reduce the receivable to the amount expected to be collected. For all others, an allowance for bad debts is established by management based on the expected loss model. Receivables are written off when management deems collectability is doubtful. Bad debt expense, if any, and any related recoveries are included in the Statements of Activities and Changes in Net Assets. Management considers the receivable balances to be fully collectible, and as a result, an allowance for bad debt is not recorded at December 31, 2023 and 2022.

## (1) Summary of Significant Accounting Policies (continued)

### *(f) Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statements of Financial Position. Income or loss on investments, including realized and unrealized gains and losses on investments, interest and dividends, is reported as investment earnings net of related investment expenses in the Statements of Activities and Changes in Net Assets

In accordance with Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820), the Foundation does not categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient.

The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, held-to-maturity debt securities, and some off-balance sheet credit exposures. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. In addition, CECL made changes to the accounting for available-for-sale debt securities. One such change is to require credit losses to be presented as an allowance rather than as a write-down on available-for-sale debt securities if management does not intend to sell and does not believe that it is more likely than not, they be required to sell. The Foundation adopted CECL effective January 1, 2023, using the prospective transition approach for debt securities for which other-than-temporary impairment had been recognized prior to January 1, 2023. As of December 31, 2022, the Foundation did not have any other-than-temporarily impaired investment securities. Therefore, upon adoption of ASC 326, the Foundation determined that an allowance for credit losses on available-for-sale securities was not deemed necessary

### *(g) Property and Equipment*

Assets acquired are stated at cost, net of accumulated depreciation. Assets donated are carried at fair market value on the date of donation, net of accumulated depreciation Property and equipment with a unit cost of greater than $5,000 and a useful life of greater than 1 year is capitalized and depreciated. Depreciation of buildings, furnishings, and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis ranging from 3 to 10 years for vehicles and equipment to 10 to 40 years for building improvements and 30 to 40 years for buildings and associated structures.

Maintenance and repairs are charged to expense as incurred: major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

## (1) Summary of Significant Accounting Policies (continued)

### *(h) Impairment of Long-Lived Assets*

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

### *(i) Bond Issuance Costs and Prepaid Bond Insurance*

Bond issuance costs and prepaid bond insurance incurred in the relationship to the bond indebtedness have been capitalized and are amortized over the life of the bond liability which is thirty years. The Foundation presents debt issuance costs as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts. Bond issuance costs amortization was $30,704 and $30,956 for fiscal years 2023 and 2022 respectively. Amortization of prepaid bond insurance was $0 and $7,367 for fiscal years 2023 and 2022 respectively. See note 9.

### *(j) Revenue Recognition*

A portion of the Foundation's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. As of December 31, 2023 and 2022, the Foundation has no refundable advances or contracts.

Contract revenue and management fees are recognized when contractual obligations have been fulfilled and the fees are received or otherwise deemed collectible. The Foundation considers the revenues received from the Cooperative Endeavor Agreements (the Agreements) (see notes 6 and 12) to be exchange transactions, since each party to the Agreements receives and provides something of approximately equal value.

Rental income, which includes property operations and student housing, is recognized as the rent becomes due. Rental payments received in advance are deferred until earned All leases between the Foundation and the tenants of the property are operating leases. Tenant rent charges for the current month are generally due on the first of the month.

## (1) Summary of Significant Accounting Policies (continued)

### *(k) Functional Allocation of Expenses*

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and Functional Expenses. The majority of expenses have been specifically identified with a program or supporting service. Salary costs for certain programs have been allocated among the programs and supporting services benefited using time and effort; all other costs are directly allocated. The Statements of Functional Expenses presents a reconciliation of expenses by natural classification to expenses by function.

### *(l) Income Taxes*

The Foundation is exempt from income tax under Internal Revenue Code Section 501(c)(3), though it is subject to tax on income unrelated to its purpose, unless that income is otherwise excluded by the Code The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

### *(m) Use of Estimates*

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets and investments.

### *(n) Recent Accounting Pronouncements*

On January 1, 2023, the Foundation adopted ASU 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. This standard changes the impairment model for most financial instruments including receivables and investments from an incurred loss method to a new forward-looking approach, based on expected losses. The estimate of credit losses requires entities to incorporate considerations of historical information, current information and reasonable supportable forecasts. The updated standard was effective for years beginning after December 15, 2022. The Foundation adopted ASU 2016-13 as of January 1, 2023, which did not have a material impact on its financial statements.

## (2) Asset Liquidity

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while investing available funds in accordance with the Foundation's investment policy. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its regular, recurring, and ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. The Foundation anticipates revenues to be sufficient to meet its general expenditure needs.

The Foundation does not consider most major facility maintenance or capital improvements to be general expenditures, but considers these items maintenance reserve transactions. The Foundation funds a maintenance reserve for its properties to support planned and expected required property maintenance and improvements. The maintenance reserve balances are self-imposed limits designated by the Foundation's Board of Directors.

The Foundation's Board of Directors has designated a portion of its unrestricted resources for capital improvements across the Research Park. This amount is identified as board-designated in the table on the following page.

The Foundation has other amounts that have been set aside for specific programmatic purposes and are understood as self-imposed limitations on the use of those resources to support the University.

## (2) Asset Liquidity (continued)

The following schedule identifies the financial assets of the Foundation and any requirement, designation, earmark, or restriction on the use of those assets. Financial assets available for general expenditures over the next 12 months are able to be used to satisfy all existing and future obligations, liabilities, and expenditures of the Foundation.

| | 2023 | 2022 |
|---|---|---|
| Total assets | $ 82,822,626 | $ 83,563,449 |
| Less: non-current and non-financial assets | | |
| Non-current financing lease receivable | 26,615,000 | 28,260,000 |
| Property and equipment | 34,142,842 | 36,264,330 |
| Other current assets | 408,328 | 353,161 |
| Other non-current assets | 253,612 | 106,945 |
| Total financial assets at December 31 | 21,402,844 | 18,579,013 |
| | | |
| Less: financial asset designations: | | |
| Board designated building maintenance reserve balances | 10,487,181 | 8,510,361 |
| Board designated resources for capital improvements | 722,994 | 685,523 |
| Other programmatic designations | 257,608 | 149,637 |
| Financial assets available for general expenditures over the next 12 months | $ 9,935,061 | $ 9,233,492 |
| | | |
| Total current liabilities | $ 4,187,730 | $ 3,667,391 |
| Less: non-financial liabilities: | | |
| Amortized prepaid rent | 274,245 | 497,434 |
| Amortized bonds payable | (30,704) | (30,704) |
| Total financial liabilities at year end | $ 3,944,189 | $ 3,200,661 |
| | | |
| Financial assets available for general expenditures over the next 12 months | $ 9,935,061 | $ 9,233,492 |
| Less: financial liabilities at year end | 3,944,189 | 3,200,661 |
| Net financial assets available for general expenditures over the next 12 months | $ 5,990,872 | $ 6,032,831 |

## (3) Investments

The Board utilizes a professional investment manager and investment custodian to actively manage the investment portfolio under the oversight of the Board. The Board's investments are held in custodial accounts at a bank trust department in an account for the Board. The Board has adopted investment policies and guidelines and routinely evaluates and may adjust the investment policy and investment allocations.

Investments consist of the following at December 31.

| | 2023 | 2022 |
|---|---|---|
| Federated treasury obligations | $ - | $ 1,106 |
| Mutual funds | 16,074,883 | 13,766,192 |
| Total | $ 16,074,883 | $13,767,298 |

## (4) Receivables

Receivables consist of the following at December 31.

| | 2023 | 2022 |
|---|---|---|
| Accounts/tenants receivable | $ 589,903 | $ 571,437 |
| Grants receivable | 203,731 | 301,775 |
| Due from affiliates | 1,029,136 | 430,219 |
| Other receivable | - | 2,748 |
| Total | $ 1,822,770 | $ 1,306,179 |

Due from affiliates represents amounts due from the University.

There is no allowance recorded on the receivables above as of December 31, 2023 and 2022.

## (5) Property and Equipment

Property and equipment consist of the following at December 31.

| | | 2023 | | 2022 |
|---|---|---|---|---|
| Subject to Operating Leases | | | | |
| Land improvements | $ | 258,573 | $ | 258,573 |
| Building - Avondale | | 12,754,737 | | 12,754,737 |
| ITC buildings and parking garage | | 62,274,752 | | 62,274,752 |
| Building - ATC | | 9,240,739 | | 9,240,739 |
| Building - Shea Penland CERF | | 894,842 | | 894,842 |
| St. Claude Gallery | | 217,766 | | 145,500 |
| Construction in Progress | | 441,010 | | 277,687 |
| Tenant Improvements | | 179,179 | | - |
| Not Subject to Operating Leases | | | | |
| Office furniture and equipment | | 64,686 | | 57,543 |
| Artwork | | 7,000 | | 7,000 |
| Total fixed assets | | 86,333,284 | | 85,911,373 |
| Accumulated depreciation | | (52,190,442) | | (49,647,043) |
| Net fixed assets | $ | 34,142,842 | $ | 36,264,330 |

The Foundation enters into leases of commercial real estate office space to third parties for specific space for a specific period of time. The office buildings are maintained by the Foundation in a condition to remain marketable to current and future tenants.

Each lease agreement dictates the amount and frequency of payments along with any options to extend and point of termination. Based on lease agreements currently in place without considering any options to extend or rent escalations, future rents to be received from lease agreements are as follows:

| **Future rent from all lease agreements is as follows:** | | |
|---|---|---|
| 2024 | $ | 6,430,662 |
| 2025 | | 4,152,826 |
| 2026 | | 3,641,252 |
| 2027 | | 3,545,025 |
| 2028 | | 3,400,591 |
| 2029-2033 | | 8,003,321 |
| 2034-2038 | | 500,000 |
| 2039-2043 | | 500,000 |
| 2044-2047 | | 337,500 |
| | $ | 30,511,177 |

## (6) Lease Agreements and Cooperative Endeavor Agreements

### University of New Orleans/Avondale Maritime Technology Center of Excellence

Obligations

Avondale, a subsidiary of Huntington-Ingalls, (Avondale) donated certain property to the University which is leased to the Foundation pursuant to the terms of a Ground Lease. A ship design facility (Facility), including a laboratory and support area for the UNO School of Naval Architecture and Marine Engineering, has been built on such property by the Foundation and is sub-leased to Avondale.

Also, the Foundation has equipped the Facility and leased such equipment to Avondale. Avondale agreed that it will utilize the Facility for the design and construction of vessels pursuant to the Navy LPD-17 Contract and other contracts. Furthermore, Avondale agrees that it will provide support to the University of New Orleans School of Naval Architecture and Marine Engineering by providing to the University a Right of Use of space constituting 21,000 square feet in the Facility subleased by Avondale from the Foundation.

On May 16, 1997, the Foundation and Avondale entered into a sub-lease agreement, for a term of 50 years which expires in 2047, which provides for Avondale to lease from the Foundation the land located in Jefferson Parish together with the facilities to be constructed on the land, the facility equipment and the right of uninterrupted access to and from all streets and roads adjoining the land.

This property is subject to the ground lease discussed in Note 10.

### National Center for Advanced Manufacturing/MAF Research Administration Building

General

On December 18, 2007, the State, the Foundation, and NASA entered into a Cooperative Endeavor Agreement (the CEA) for a period of thirty (30) years.

The CEA provides for the use of State funds to pay approximately $40 million of project costs associated with the planning, design, construction and equipping of a new NASA Research Administration Building (the Building) to be built at the NASA Michoud Assembly Facility (MAF). The Building will be used collaboratively by the Foundation and NASA for research and development administration, production work on the Orion Project, education, training and related matters for NASA, its contractors, the University, other Federal and State agencies, other higher educational institutions and private industry.

Obligations

As of December 31, 2023 and 2022, the activities related to this project are placed on hold by the State of Louisiana.

## (7) Fair Value of Financial Instruments

The FASB authoritative guidance for fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under the guidance are described below.

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Federated treasury obligations:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**(7) Fair Value of Financial Instruments (continued)**

The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2023. There have been no changes in the methodologies used at December 31, 2023.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Mutual funds | $ 16,074,883 | - | - | $ 16,074,883 |
| Total investments at fair value | $ 16,074,883 | $ - | $ - | $ 16,074,883 |

The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2022. There have been no changes in the methodologies used at December 31, 2022

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Federated treasury obligations | $ 1,106 | $ - | $ - | $ 1,106 |
| Mutual funds | 13,766,192 | - | - | 13,766,192 |
| Total investments at fair value | $ 13,767,298 | $ - | $ - | $ 13,767,298 |

**(8) Notes Payable**

**Louisiana Public Facilities Authority Note Payable**

On October 19, 1999, the Foundation entered into a Construction Loan Agreement in the amount of $1,500,000 with the Louisiana Public Facilities Authority. The loan bears no interest. The first annual payment was due October 1, 2001 and continued through October 1, 2014.

In March 2014, the Foundation and LPFA entered into a third amendment. The third amendment requires the Foundation to make quarterly payments commencing December 2014 in the amount of $34,700 through September 2024, the maturity date of this note. An annual payment will be due March $15^{th}$ each year, commencing on March $15^{th}$ 2016, in an amount equal to 87.35% of cash flow of the ATC building for the immediately preceding fiscal year minus the amount of quarterly payments paid on the note during the preceding fiscal year.

This note has debt covenants which are required to be met by the Foundation, including submission of audited financial statements within 180 days of year end. As of December 31, 2023, management is not aware of any violations of their debt covenants.

The note is secured by a collateral note signed by the Foundation in the amount of $2,000,000. This note is subordinate to the bank loan and is secured by a security interest in all of the Foundation's accounts receivable, inventory, and fixtures as well as an assignment of leases and rents, and the ATC building, which is included in property and equipment in the Statements of Financial Position.

## (8) Notes Payable (continued)

### Local Bank Note Payable

On April 19, 2001, the Foundation entered into a Loan Agreement with a local bank. The balance of the loan at December 31, 2023 is $1,113,432. The loan was amended in 2011 with an interest rate of 6.5% to mature on April 12, 2016, and again amended in 2016 with an interest rate of 4.5% to mature on April 12, 2021, and again amended in 2020 with an interest rate of 4.1% to mature on October 19, 2026. Monthly payments of principal and interest total $34,774.

This note has debt covenants which are required to be met by the Foundation, including submission of audited financial statements by May 31st following each year end, a debt service coverage ratio of 1.25 to 1, the outstanding principal not to exceed 75% of the fair market value, as appraised of the related property, as well as other negative covenants. As of December 31, 2023, management is not aware of any violations of their debt covenants.

The note is collateralized by a collateral note signed by the Foundation in the amount of $12 million, which is secured by a first lien and security interest in all the Foundation's accounts receivable, inventory, and fixtures as well as an assignment of leases and rents, and the ATC building, which is included in property and equipment in the Statements of Financial Position.

### Future Payments

The following is a summary of all notes payable at December 31.

| | 2023 | 2022 |
|---|---|---|
| Louisiana Public Facilities Authority | $ 102,285 | $ 241,084 |
| Local bank | 1,113,432 | 1,476,225 |
| Total notes payable | 1,215,717 | 1,717,309 |
| Less: current portion | (480,326) | (501,591) |
| Total non-current notes payable | $ 735,391 | $ 1,215,718 |

The notes are required to be repaid as follows as of December 31, 2023:

| | |
|---|---|
| 2024 | $ 480,326 |
| 2025 | 394,183 |
| 2026 | 341,208 |
| | $ 1,215,717 |

## (9) Bonds Payable

On August 8, 2006, the Louisiana Public Facilities Authority issued \$38,500,000 of Louisiana Public Facilities Authority Revenue Bonds (Series 2006) to the public on behalf of the Foundation. The proceeds of the bonds were used for the financing, planning, design, construction, furnishing and equipping of resident facilities for use by the University, including all equipment, furnishings, fixtures, and facilities incidental or necessary in connection therewith. The proceeds were also used to pay the costs associated with the issuance of the bonds.

On August 28, 2014, the Louisiana Public Facilities Authority (the Authority) issued \$36,000,000 of its Revenue Refunding Bonds Series 2014 (Series 2014) on behalf of the Foundation to advance refund and defease the Authority's outstanding Series 2006.

Series 2014 were issued at a premium, which totaled \$2,974,068 on the date of issuance of the Series 2014 Bonds. The premium was being amortized over the life of the Series 2014 The total amount of premium relating to the Series 2014 amortized during year ended December 31, 2022 was \$140,685.

On September 8, 2022, the Louisiana Public Facilities Authority (the Authority) issued \$29,820,000 of its Revenue Refunding Bonds Series 2022 (Series 2022) on behalf of the Foundation to advance refund and defease the Authority's outstanding Series 2014. As a result of the advanced refunding and defeasance of the series 2014 bonds, the Foundation achieved interest rate savings which resulted in undiscounted cash savings of \$1,364,402 over the life of the series 2022 bonds. The advanced refunding and defeasance of the series 2014 bonds resulted in the Foundation recognizing a gain of \$868,942 as shown in the statement of activities at December 31, 2022.

The new interest rates range from 2.96% to 3.63% per annum with the first interest payment due on March 1, 2023 The first principal payment was due September 1, 2023 with the final principal payment due in 2035.

Series 2022 bond were initially issued as taxable bonds and may be converted to tax exempt on or after September 1, 2024 upon satisfying the conditions in the indenture of such conversion.

The Series 2022 issue has debt covenants which are required to be met by the Foundation. Additionally, the bond issue is collateralized by the resident facilities which are recorded as a financing lease receivable from the University (see Note 14). As of December 31, 2023, management is not aware of any violations of their debt covenants.

Upon bond maturity, title to the residence facilities and equipment shall transfer to the University.

## (9) Bonds Payable (continued)

Bonds payable consists of the following as of December 31.

| | 2023 | 2022 |
|---|---|---|
| Bonds payable | $ 28,260,000 | $ 29,820,000 |
| Less: cost of bond issuance | (358,213) | (388,917) |
| Bonds payable, net | 27,901,787 | 29,431,083 |
| Less: current portion | (1,614,296) | (1,529,296) |
| Total non-current bonds payable | $ 26,287,491 | $ 27,901,787 |

The outstanding Series 2022 bonds are required to be repaid as follows for the next five years and five year periods thereafter.

| | |
|---|---|
| 2024 | $ 1,645,000 |
| 2025 | 1,935,000 |
| 2026 | 2,040,000 |
| 2027 | 2,145,000 |
| 2028 | 2,260,000 |
| 2029-2033 | 12,655,000 |
| 2034-2035 | 5,580,000 |
| Total bonds payable | $ 28,260,000 |

## (10) Ground Leases

### University of New Orleans Ground Lease 1

On May 16, 1997, the University of New Orleans (the University) entered into a non-transferable ground lease agreement with the Foundation. The terms of the lease agreement provide that the University will lease a tract of approximately 4.57 acres of land that is located in Jefferson Parish to the Foundation that will in turn develop construct, maintain, operate, manage, and lease improvements on such land for the purpose set forth in the Cooperative Endeavor Agreement. The lease agreement is for a term of fifty years.

At the expiration of the lease, the facilities and all furniture, fixtures, equipment, and furnishings permanently affixed to the facilities shall become the property of the University which is recorded in property and equipment in the Statements of Financial Position, with a remaining net book value of $4,435,078 and $4,763,108 as of December 31, 2023 and 2022, respectively.

**(10) Ground Leases (continued)**

**University of New Orleans Ground Lease 2**

On December 1, 1997, the University entered into a non-transferable ground lease agreement with the Foundation which was amended on October 1, 1999. The terms of the lease agreement and related amendment provide that the University will lease a tract of approximately 30 acres of certain lakefront property that is located in Orleans Parish to the Foundation which will develop, construct, maintain, operate, manage, and or lease improvements on such land. The lease agreement is for a term of ninety-nine years.

At the expiration of the lease, the facilities and all furniture, fixtures, equipment, and furnishings permanently affixed to the facilities shall become the property of the University. The facilities and related fixtures, equipment, and furnishings are recorded in property and equipment in the Statements of Financial Position, with a remaining net book value of $28,416,169 and $30,594,853 as of December 31, 2023 and 2022, respectively.

**Coastal Education and Research Facility Ground Lease**

On December 22, 2009, the Foundation was assigned leases for four boat slips and received a donation for related leasehold improvements (the Property). $215,000 was provided by the Foundation towards improvements to the Property. The Foundation entered into an agreement with the University making the Property available to the University for use as the University of New Orleans Shea Penland Coastal Education and Research Facility (CERF) to support the University's mission to establish a wetlands research and education field station.

The CERF building is recorded in property and equipment in the Statements of Financial Position, with a remaining net book value of $471,771 and $502,207 as of December 31, 2023 and 2022, respectively.

**(11) Other Lease Agreements**

On January 15, 1998, the Foundation entered into a sub-lease agreement with the United States of America (the Government) to lease space at the Information Technology Center from the Foundation comprising of approximately 300,000 square feet of administrative space, 1,050 hard surface parking spaces, and 11.82 acres of land located at the University of New Orleans Research and Technology Park. As of October 2013, the Government leases two buildings of administrative space totaling approximately 200,000 square feet and 700 hard surface parking spaces.

The terms of the facility lease agreement provide that the Government will have and hold the noted facility for the term beginning on the date of completion of the facility for an initial ten year term with fifteen individual one year renewal terms. The lease is renewed annually per the agreement.

On August 8, 2014, the Foundation entered into a lease agreement with a private tenant to lease the entire Information Technology Center No. 4 building from the Foundation comprising of approximately 104,000 rentable square feet, located at the University of New Orleans Research and Technology Park. The commencement date of the lease was January 1, 2015 with an initial term of ten years with the option to extend the lease for three additional five-year terms. In November 2021 the tenant exercised the first option to extend the lease for an additional five year term.

## (12) Due To/From Affiliates/Related Party Transactions

### University of New Orleans Foundation

The University received $21,928 in subsidies from the Foundation which was passed through the UNOF during 2023. Additionally, the Foundation received $47,766 from the UNOF for improvements to the art gallery which is leased to the University. At December 31, 2023, funds due from the UNOF totaled $0, and funds due to the UNOF totaled $8,000.

The University received $52,762 in subsidies from the Foundation which was passed through the UNOF during 2022. At December 31, 2022, funds due from the UNOF totaled $0, and funds due to the UNOF totaled $789.

### University of New Orleans

The Foundation enters into certain contracts, and makes the related contract payments, on behalf of the University. The University reimburses the Foundation for such contract payments made on its behalf.

During the years ended December 31, 2023 and December 31, 2022, the Foundation incurred $2,317,157 and $2,364,096 respectively related to the aforementioned contract payments and property management services included on the Statement of Activities and Changes in Net Assets as detailed in the following schedule.

| | 2023 | 2022 |
|---|---|---|
| Property Operations | $ 6,337 | $ 5,988 |
| Student Housing | 1,100,722 | 1,159,224 |
| International Programs | 654,467 | 439,523 |
| Technology Transfer | 14,000 | 14,285 |
| Donations to University | 87,251 | 105,628 |
| Other payments on behalf of University | 454,380 | 639,448 |
| | $ 2,317,157 | $ 2,364,096 |

Additionally, during the year ended December 31, 2023 the Foundation incurred $1,560,000 in principle payments on the Series 2022 bonds. During the year ended December 31, 2022 the Foundation incurred $1,330,000 in principle payments on the Series 2014 bonds.

As of December 31, 2023 and 2022, the Foundation recorded reimbursements and accrued revenue related to these contracts, services, and principle payments from the University of $3,303,764 and $3,032,985 respectively. Amounts still owed to the Foundation as of December 31, 2023 and December 31, 2022 total $1,029,136 and $430,219 respectively Payables to the University as of December 31, 2023 and December 31, 2022 are $575,020 and $6,465 respectively, as recorded in the Statements of Financial Position

The Foundation paid to the University $3,081 and $42,575 during the years ended December 31, 2023 and December 31, 2022, respectively, related to the Memorandum of Understanding related to National Center for Advanced Manufacturing. The amount remaining as of December 31, 2023 is $0. The Foundation held a remaining $3,081 as of December 31, 2022 which is included in the Statements of Financial Position as amounts held in custody for affiliates.

**(12) Due To/From Affiliates/Related Party Transactions (continued)**

The Foundation provides accounting, management, and project support for an affiliated entity. Revenues recognized by the Foundation in 2023 for these services provided total $77,594. No amounts are due to/from this affiliate for the year ended December 31, 2023.

**(13) Financing Lease Receivable**

The Foundation entered into a ground lease dated August 8, 2006, and amended in August 2014, and again amended in September 2022 with the University for the purpose of financing, planning, constructing, and equipping a student residence facility. Pursuant to a facility lease, the Foundation leased the completed facility to the University. Rent payments from the University are sufficient to pay debt services on the Series 2022 Bonds, which is collateralized by the student residence facilities. Terms are further described in footnote 9.

The lease was determined to meet the requirements of a financing lease and as such, the asset was then transferred from construction in progress to a financing lease receivable.

Interest revenue received for 2023 and 2022 was $1,056,574 and $1,241,482 respectively. The total financing lease receivable is required to be repaid as follows for the next five years and five-year periods thereafter.

| | Principle | Interest |
|---|---|---|
| 2024 | $ 1,645,000 | $ 1,025,838 |
| 2025 | 1,935,000 | 787,804 |
| 2026 | 2,040,000 | 730,528 |
| 2027 | 2,145,000 | 670,144 |
| 2028 | 2,260,000 | 606,652 |
| 2029-2033 | 12,655,000 | 1,970,176 |
| 2034-2035 | 5,580,000 | 248,788 |
| | $ 28,260,000 | $ 6,039,930 |

**(14) Concentrations of Risk and Contingencies**

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

The Foundation is involved in certain claims and legal actions arising in the normal course of activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position.

**(15) Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 28, 2024, and determined the following subsequent event requires disclosure. In April 2024 the Foundation received a line of credit from a financial institution in the amount of $5,000,000. No amounts have been drawn as of the report date.

No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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**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***

The Board of Directors
University of New Orleans
Research and Technology Foundation, Inc.

We 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 the United States, the financial statements of University of New Orleans Research and Technology Foundation, Inc., (a nonprofit organization) (the Foundation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2024.

**Report on 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) as a basis for designing 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 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 by those charged with governance.

Our consideration of internal control was for the limited purposes 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 that we consider to be material weaknesses. 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, 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 financial statements. 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 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.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
May 28, 2024

**UNIVERSITY OF NEW ORLEANS**
**RESEARCH AND TECHNOLOGY FOUNDATION, INC**

Schedule of Findings
Year Ended December 31, 2023

## (1) Summary of the Independent Auditors' Results

*Financial Statements*

| | |
|---|---|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial report: | |
| • Material weakness(es) identified? | No |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted: | No |

**UNIVERSITY OF NEW ORLEANS**
**RESEARCH AND TECHNOLOGY FOUNDATION, INC**

Schedule of Prior Year Findings and Questioned Costs

No findings were reported in the prior year.