

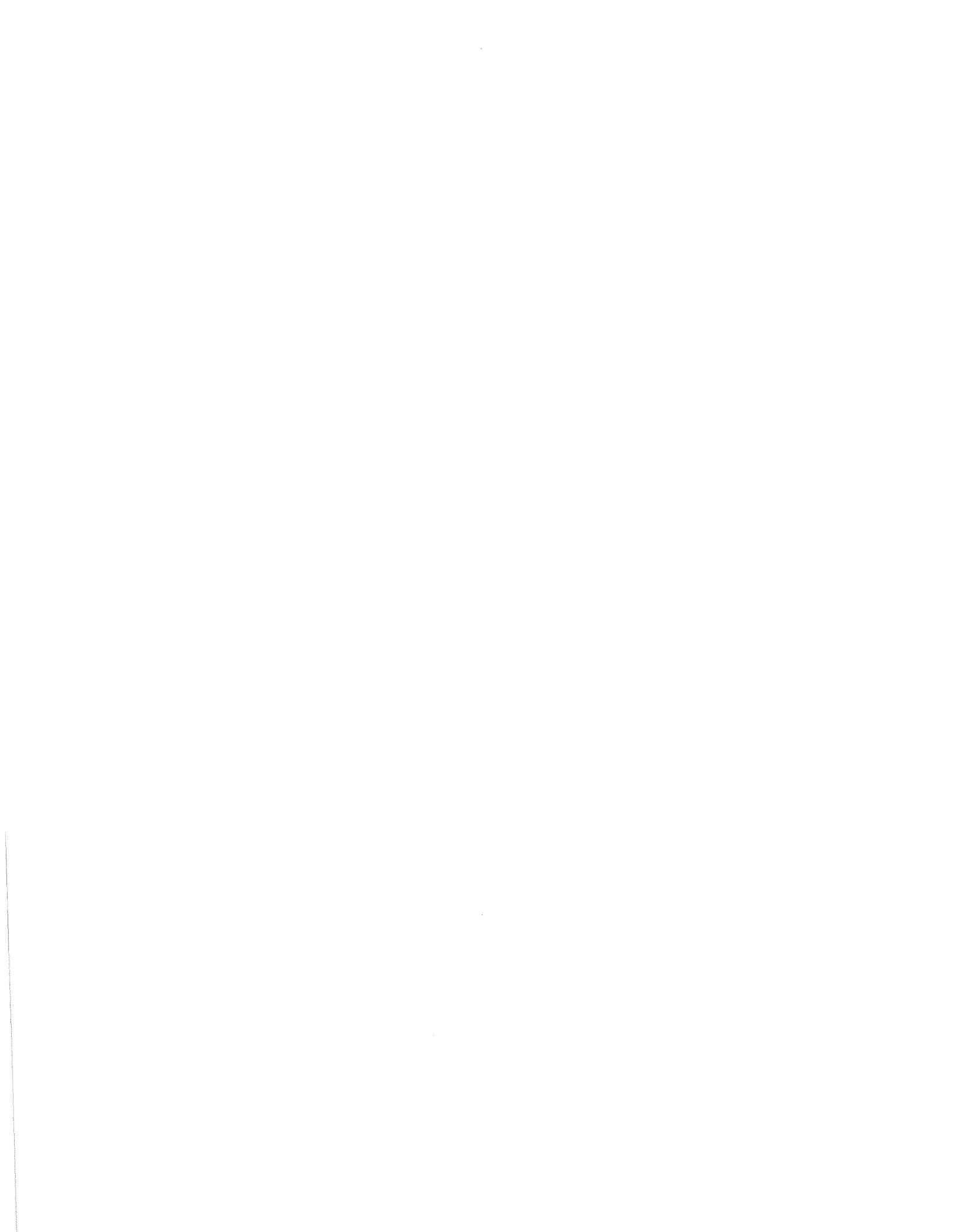
UNIVERSITY OF LOUISIANA
MONROE FACILITIES, INC.

INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS



**UNIVERSITY OF LOUISIANA
MONROE FACILITIES, INC.**

Annual Financial Statements
As of and for the Year Ended June 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor’s Report-----	1-2
FINANCIAL STATEMENTS:	
Statements of Financial Position-----	3-4
Statements of Activities-----	5-6
Statements of Cash Flows-----	7-8
Statements of Functional Expense -----	9
Notes to the Basic Financial Statements -----	10-37
SUPPLEMENTARY INFORMATION:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer-----	38
Schedule of Revenues, Expenses, and Capitalized Expenditures Made to or on Behalf of ULM’s Intercollegiate Athletics Program -----	39
REPORT ON INTERNAL CONTROL AND COMPLIANCE:	
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 <i>Government Auditing Standards</i> -----	40-41
SCHEDULE OF FINDINGS -----	42
INDEPENDENT ACCOUNTANT’S REPORTS ON SCHEDULE OF REPRESENTATIONS AND SCHEDULE OF SUPPLEMENTAL ASSURANCES:	
Independent Accountant’s Report on Schedule of Representations-----	43
Schedule of Representations -----	44-45
Independent Accountant’s Report on Schedule of Supplemental Assurances for Affiliated Organizations -----	46
Schedule of Supplemental Assurances for Affiliated Organizations -----	47-48
Schedule of Representations – Attachment A-----	49



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
University of Louisiana Monroe Facilities, Inc.
Monroe, Louisiana

Opinion

We have audited the accompanying financial statements of University of Louisiana Monroe Facilities, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of University of Louisiana Monroe Facilities, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of University of Louisiana Monroe Facilities, Inc. 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 opinions.

Responsibility 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; 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.

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 University of Louisiana Monroe Facilities, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 University of Louisiana Monroe Facilities, Inc.'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 University of Louisiana Monroe Facilities, Inc.'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying schedules, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer on page 37, as required by the Louisiana Legislative Auditor, and the Schedule of Revenues, Expenses, and Capitalized Expenditures Made to or on Behalf of ULM's Intercollegiate Athletics Program on page 38, 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 audits 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 our report dated September 6, 2023, on our consideration of the Organization's internal control over financial reporting and on 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 Organization's internal control over financial reporting and compliance.



Monroe, Louisiana
September 6, 2023

FINANCIAL STATEMENTS

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents, restricted	\$ 7,751,264	\$ 15,238,037
Accounts receivable, net of allowance for doubtful accounts	133,648	109,700
Due from ULM - student rent collections	395,313	107,971
Due from ULM - other	69,211	69,711
Due from ULM Athletic Foundation	<u>238,735</u>	<u>169,496</u>
Total current assets	<u>\$ 8,588,171</u>	<u>\$ 15,694,915</u>
RESTRICTED ASSETS		
Cash and cash equivalents, noncurrent	<u>\$ 4,632,122</u>	<u>\$ 4,883,080</u>
Total restricted assets	<u>\$ 4,632,122</u>	<u>\$ 4,883,080</u>
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	<u>\$ 83,598,505</u>	<u>\$ 61,462,220</u>
Total assets	<u><u>\$ 96,818,798</u></u>	<u><u>\$ 82,040,215</u></u>

- continued -

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable - operation	\$ 9,530	\$ 20,404
Deferred revenues - student rents and other	465,075	418,100
Contracts and retainage payable	-	1,143,092
Accrued interest payable	124,131	128,089
Due to ULM	1,418,307	2,361,103
Current portion of long-term debt	<u>4,570,000</u>	<u>2,565,000</u>
Total current liabilities	<u>\$ 6,587,043</u>	<u>\$ 6,635,788</u>
LONG-TERM LIABILITIES		
Notes payable, net of unamortized debt issuance costs	\$ 56,053,164	\$ 58,549,187
Less: current portion of long-term debt	<u>(4,570,000)</u>	<u>(2,565,000)</u>
Total notes payable, net of current portion	<u>\$ 51,483,164</u>	<u>\$ 55,984,187</u>
Total long-term liabilities	<u>\$ 51,483,164</u>	<u>\$ 55,984,187</u>
Total liabilities	<u>\$ 58,070,207</u>	<u>\$ 62,619,975</u>
NET ASSETS		
Net assets without donor restrictions	\$ 38,748,591	\$ 19,420,240
Total net assets	<u>\$ 38,748,591</u>	<u>\$ 19,420,240</u>
Total liabilities and net assets	<u>\$ 96,818,798</u>	<u>\$ 82,040,215</u>

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

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Net Assets Without Donor Restrictions	
	2023	2022
OPERATING REVENUES		
Student rent income	\$ 7,357,657	\$ 7,286,129
Facilities rents (student fees)	2,691,789	2,923,173
Contributions - Golf Facility	75,000	-
Contributions - Student HUB	-	4,433,089
Contributions - Baseball Turf	-	300,000
Contributions - Lumen Property	20,590,600	-
Contributions - Softball Facility	798,210	-
Contributions - Other	114,375	-
Other income	48,392	65,309
Total operating revenues	<u>\$ 31,676,023</u>	<u>\$ 15,007,700</u>
OPERATING EXPENSES		
Program services:		
Program expenses in support of the University of Louisiana at Monroe	\$ 5,584,606	\$ 4,851,420
Support services:		
Management and general administrative	26,205	25,415
Total operating expenses	<u>\$ 5,610,811</u>	<u>\$ 4,876,835</u>
Change in net assets from operations	<u>\$ 26,065,212</u>	<u>\$ 10,130,865</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	\$ 271,626	\$ 4,987
Interest expense	(1,203,301)	(1,280,946)
Bond-related fees	(11,000)	(34,105)
Transfer/donation of funds, net	(4,371,764)	(1,936,462)
Transfer/donation of premises and equipment	(1,422,422)	(1,382,830)
Loss on disposition of premises and equipment	-	(76,500)
Total nonoperating revenues (expenses)	<u>\$ (6,736,861)</u>	<u>\$ (4,705,856)</u>
Change in net assets before realized/unrealized gains (losses)	<u>\$ 19,328,351</u>	<u>\$ 5,425,009</u>

- continued -

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Net Assets	
	Without Donor Restrictions	
	<u>2023</u>	<u>2022</u>
Change in net assets	\$ 19,328,351	\$ 5,425,009
Net assets, beginning of year	<u>\$ 19,420,240</u>	<u>\$ 13,995,231</u>
Net assets, end of year	<u><u>\$ 38,748,591</u></u>	<u><u>\$ 19,420,240</u></u>

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

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 19,328,351	\$ 5,425,009
Change in net assets to net cash provided by operating activities:		
Transfer of property and equipment	1,422,422	1,382,828
Depreciation expense	3,429,353	3,040,124
Amortization expense - debt issuance costs	68,976	95,922
Provision for bad debts	21,217	11,024
Loss on disposition of premises and equipment	-	76,500
Non-cash contribution - Lumen Property	(20,590,600)	-
(Increase) decrease in receivables	(45,165)	(17,289)
(Increase) decrease in amount due from ULM - student rent collections	(287,342)	324,485
(Increase) decrease in amount due from ULM - Other	500	
(Increase) decrease in amount due from ULM Athletic Foundation	(69,239)	(108,490)
Increase (decrease) in accounts payable	(10,872)	209
Increase (decrease) in due to ULM - other	(2,796)	73,100
Increase (decrease) in due to ULM - transfer	(940,000)	1,900,000
Increase (decrease) in deferred revenue	46,975	(7,450)
Increase (decrease) in accrued interest payable	(3,958)	(50,233)
Net cash provided by operating activities	<u>\$ 2,367,822</u>	<u>\$ 12,145,739</u>
Cash flows from investing activities		
Payments for property and equipment acquisition and construction	\$ (7,540,553)	\$ (8,679,636)
Net cash provided used for investing activities	<u>\$ (7,540,553)</u>	<u>\$ (8,679,636)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	\$ -	\$ 4,950,000
Principal payments on debt	(2,565,000)	(3,895,000)
Payments of debt issuance costs	-	(175,557)
Net cash provided (used) for financing activities	<u>\$ (2,565,000)</u>	<u>\$ 879,443</u>
Net increase in cash and cash equivalents	\$ (7,737,731)	\$ 4,345,546
Cash and cash equivalents, beginning of year	20,121,117	15,775,571
Cash and cash equivalents, end of year	<u>\$ 12,383,386</u>	<u>\$ 20,121,117</u>

- continued -

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest:		
Paid (net of \$0 capitalized in 2023 and 2022)	\$ 1,138,282	\$ 1,235,257
Total	<u>\$ 1,138,282</u>	<u>\$ 1,235,257</u>
Cash and cash equivalents are presented as follows in the Statements of Financial Position:		
Current assets:		
Cash and cash equivalents - restricted	\$ 7,751,264	\$ 15,238,037
Restricted assets:		
Cash and cash equivalents - noncurrent	4,632,122	4,883,080
Net cash provided by financing activities	<u>\$ 12,383,386</u>	<u>\$ 20,121,117</u>
Schedule of noncash investing/financing activities		
Acquisition of property and equipment through the incurrence of liabilities	<u>\$ -</u>	<u>\$ 1,158,336</u>

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

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Bad debts	\$ 21,217	\$ -	\$ 21,217	\$ 11,024	\$ -	\$ 11,024
Bank charges	51	-	51	81	-	81
Depreciation	3,429,353	-	3,429,353	3,040,124	-	3,040,124
Insurance	33,674	-	33,674	27,525	-	27,525
Maintenance and repairs	13,100	-	13,100	33,528	-	33,528
Management fees - facilities	2,018,593	-	2,018,593	1,697,680	-	1,697,680
Professional fees - legal	23,327	-	23,327	28,654	-	28,654
Professional fees - accounting and audit	-	26,205	26,205	-	25,415	25,415
Professional fees - other	33,150	-	33,150	-	-	-
Postage	-	-	-	-	-	-
Taxes and license expense	-	-	-	-	-	-
Utilities	12,141	-	12,141	12,804	-	12,804
	<u>\$ 5,584,606</u>	<u>\$ 26,205</u>	<u>\$ 5,610,811</u>	<u>\$ 4,851,420</u>	<u>\$ 25,415</u>	<u>\$ 4,876,835</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 - ORGANIZATION

University of Louisiana Monroe Facilities, Inc. (the Organization), a nonprofit corporation, was organized under the laws of the State of Louisiana on February 27, 2004. The Organization was formed for the benefit of the University of Louisiana at Monroe (ULM), and its principal purpose is to coordinate, construct, and finance the development of facilities on the campus of ULM and to oversee the management of such facilities. Certain operations are regulated by the Board of Supervisors for the University of Louisiana System (the Board), the Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority), and Regions Bank (the Trustee) through the provisions of ground and building lease agreements, facilities lease agreements, loan and assignment agreements, and trust indentures, including amendments and supplements, as applicable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (GAAP), whereby revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Basis of Presentation

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, the Organization is required to report 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). Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may need to be maintained in perpetuity.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

All net assets of the Organization at June 30, 2023, were considered to be net assets without donor restrictions.

Contributions

In accordance with FASB ASC 958-205, *Not-for-Profit Entities – Revenue Recognition*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending upon the existence of donor-imposed restrictions. The Organization has elected to recognize restricted contributions which are released from the restriction in the same year as unrestricted contributions.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all cash and all highly liquid debt instruments purchases with a maturity of three months or less to be cash and cash equivalents.

Liquidity and Availability of Resources

The Organization's financial assets available within one year of the Statement of Financial Position date for general expenditures are as follows:

	2023
Cash and cash equivalents	\$ 7,751,264
Accounts receivable, net of allowance for doubtful accounts	133,648
Due from ULM – Student rent collections	<u>395,313</u>
Total	<u>\$ 8,280,225</u>

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources (continued)

The Organization has a policy to structure its financial assets as its general expenditures, liabilities, and other obligations become due. None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the cash needs of the Organization in the next 12 months. In addition, the Organization may maintain funds in a reserve for replacement. These funds are used for the benefit of the students and/or the Organization. Such funds are not considered by the Organization to have donor restrictions.

Fair Value Measurements

Investments are reported at fair value in the Organization's financial statements. Fair value represents the price that would be received upon sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. GAAP establishes a fair value hierarchy that prioritizes inputs used to measure fair value into levels:

Level 1 - quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.

Level 2 - observable prices that are based on inputs not quoted in active markets but corroborated by market data.

Level 3 - unobservable inputs are used when little or no market is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. See Note 4 for further illustration.

Accounts Receivable

Accounts receivable are stated at unpaid balances less an allowance for doubtful accounts. Accounts receivable consist of the amount due from students for housing rental and the amount due on the Laundry Room lease. At June 30, 2023 and 2022, the accounts receivable for student rents totaled \$139,726 and \$109,794, respectively, and the amount due under the Laundry Room lease agreement totaled \$6,299 and \$8,418, respectively. The allowance for doubtful accounts totaled \$12,377 and \$8,512 at June 30, 2023 and 2022, respectively. The allowance for doubtful accounts for student rent receivables is estimated by applying a historical percentage to the rents receivable due from former students. The receivables due from student rents are considered to be past due when they are still owed as of the 14th class day of each semester. These receivables are deemed uncollectible once the student is no longer enrolled at ULM and are charged off if there is no activity for a three-year period from the date they are deemed uncollectible.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Equipment, and Depreciation

Project costs clearly associated with the acquisition, development, and construction/renovation of buildings, structures, and site improvements are capitalized. Indirect project costs that relate to several projects are capitalized and allocated to the projects to which the costs relate. Indirect costs that do not clearly relate to projects under development or construction, including general and administrative expenses, are charged to expense as incurred. Interest related to the development and construction of a project is allocated to the project's cost through the date of substantial completion of the project. Furniture, fixtures, equipment, and site improvements are recorded at acquisition cost. Donations of property and equipment are recorded as contributions at their estimated fair value. The Organization capitalizes additions of property and equipment in excess of \$1,000 at cost or fair value if donated. Depreciation is provided for in amounts sufficient to the related cost or fair value of depreciable assets to operations computed on a straight-line basis over the useful lives of the assets using the following estimated lives:

Buildings and renovations	19-39 years
Furniture, fixtures, and equipment	5-7 years
Site improvements	4-20 years
Campus parking	14 years

Improvements that materially prolong the useful lives of assets are capitalized, while expenditures for normal maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the Statements of Activities.

Debt Issuance Costs

Debt issuance costs are being amortized over the lives of the debt using the effective interest method. Debt issuance costs are reported net of accumulated amortization of \$668,546 and \$599,569 as of June 30, 2023 and 2022, respectively, and are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense.

Student Rent Income

Student rent income is derived primarily from student rentals of the housing facilities and is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases for student housing are operating leases and do not exceed 12 months in duration.

Student Fees

Student fees consist of a portion of the Student Health Center Fees, Student Union Fees, Student Success Center Fees, Athletic Facility Fees, Student Activity Enhancement Fees, Vehicle Fees, and Brown Stadium Student Support Fees, which are charges, as applicable, to the students at the time of enrollment in ULM. The Organization records student fees in income at the time such fees are received by the Organization. The student fees received from ULM are considered to be "rents" in accordance with the terms of each Agreement to Lease with Option to Purchase as described in Note 8 - Ground and Facilities Leases and Agreement.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

Advertising and marketing costs are expensed as incurred.

Functional Allocation of Expenses

The costs of the Organization have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among program services and support services benefitted. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Professional services	Time and effort

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. During the year ended June 30, 2010, the Organization adopted certain provisions of FASB ASC 740, *Income Taxes*. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's Federal Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2023, 2022, and 2021, are subject to examination by the IRS, generally for three years after they were filed.

NOTE 3 - RESTRICTED ASSETS - CASH AND CASH EQUIVALENTS

The Louisiana Local Government Environmental Facilities and Community Development Authority (the Authority) has had several bond issues, the proceeds of which have been loaned to the Organization. The provisions of the various trust indentures and loan and assignment agreements between the Organization and the Authority require the Organization to establish various trust funds with the Trustee which are restricted in use for, amount other things, debt service, capital projects, renovations, and operations. The trust funds are included in cash and cash equivalents in the statements of financial position.

Replacement Funds

In accordance with the provisions of the trust indentures for the Series 2004A and 2004B, the Series 2006, and the Series 2014 Student Success Center bond issues, the Organization is required to fund Replacement Funds on an annual basis. The Replacement Funds are to be used to (1) fund the cost of replacing any worn out, obsolete, inadequate, unsuitable, or undesirable property, furniture, fixtures, or equipment placed upon or used in connection with those facilities which were funded through bond proceeds and (2) maintain such facilities and to make all alterations, repairs, restorations, and replacements to such facilities as and when needed to preserve the facilities in good working order, condition, and repair.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 - RESTRICTED ASSETS - CASH AND CASH EQUIVALENTS (continued)**Replacement Funds (continued)**

Funds in the Replacement Fund may, with the consent of the bondholders, also be used to pay debt service on the bonds in the event there are insufficient funds in the Debt Service Fund and Debt Service Reserve Fund on the date such payment of debt service is due.

The Series 2004A and 2004B Trust Indenture and the Series 2004C and 2004D Trust Indenture require the Organization to fund the Replacement Fund on an annual basis beginning on November 1, 2006. The annual amount required to be funded is equal to 1½% of the hard construction costs (not including professional services and fees) payable from the proceeds of the bonds. As of June 30, 2023 and 2022, the Replacement Fund balance totaled \$2,721,108 and \$3,036,013, respectively.

The Series 2007 Trust Indenture, which was refunded during the year ended June 30, 2015, by the Series 2014 Student Success Center bond issue, requires the Organization to fund the Replacement Fund on an annual basis beginning on November 1, 2009. The annual amount required to be funded is equal to 1½% of the hard construction costs (not including professional services and fees) payable from the proceeds of the bonds. As of June 30, 2023 and 2022, the Replacement Fund balance totaled \$342,370 and \$325,063, respectively.

The total amount required to be contributed annually to the Replacement Fund is \$771,086. As of June 30, 2023 and 2022, the Replacement Fund was adequately funded.

The Series 2016 Student Center Project Trust Indenture required an up-front funding of the Replacement Reserve Account. At June 30, 2023 and 2022, the Series 2016 Replacement Reserve Account totaled \$622,814 and \$603,947, respectively.

The Series 2017 Brown Stadium Project Trust Indenture required an up-front funding of a Maintenance Reserve Account in the amount of \$352,773. At June 30, 2023 and 2022, the Series 2017 Maintenance Reserve Account totaled \$378,920 and \$367,794, respectively.

The Series 2020 Student HUB Project Trust Indenture required an up-front funding of a Maintenance Reserve Fund in the amount of \$550,000. At June 30, 2023 and 2022, the Series 2020 Student HUB Project Maintenance Reserve Account totaled \$566,902 and \$550,256, respectively.

Debt Service Reserve Funds

The Organization maintains Debt Service Reserve Funds for the Series 2004A debt, the Series 2004C debt (Series 2004), and the Series 2014 debt. Moneys in each of the Debt Service Reserve Funds will be used to pay the amounts due on the related debt but only to the extent that there are not sufficient funds in the Receipts Fund to pay such amounts. As of June 30, 2023 and 2022, the Series 2004A Debt Service Fund totaled \$4 and \$4; the Series 2004C Debt Service Reserve Fund totaled \$4 and \$4; and the Series 2014 Debt Reserve Fund totaled \$0 and \$0, respectively.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 4 - CASH AND CASH EQUIVALENTS HELD IN INVESTMENTS

Cash and cash equivalents consist of various short-term investments maintained by the Bond Trustee in certain trust accounts and are stated at fair value. At June 30, 2023, cash and cash equivalents held in investments with the Trustee consisted of the following:

Description	Cost	Fair Value at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Unrealized Gain/(Loss)
June 30, 2023			
<u>Fidelity Institutional Treasury Portfolio CI I</u>			
Cash and cash equivalents:			
Held in investments - current	\$ 937,382	\$ 937,382	\$ -
Total Fidelity Institutional Treasury Portfolio CI I	\$ 937,382	\$ 937,382	\$ -
<u>Fidelity Institutional Treasury Portfolio CI II</u>			
Cash and cash equivalents:			
Held in investments - current	\$ -	\$ -	\$ -
Held in investments - noncurrent	461,466	461,466	-
Total Fidelity Institutional Treasury Portfolio CI II	\$ 461,466	\$ 461,466	\$ -
<u>Fidelity Institutional Treasury Portfolio CI III</u>			
Cash and cash equivalents:			
Held in investments - current	\$ 1,134,647	\$ 1,134,647	\$ -
Held in investments - noncurrent	4,253,202	4,253,202	-
Total Fidelity Institutional Treasury Portfolio CI III	\$ 5,387,849	\$ 5,387,849	\$ -
Total cash and cash equivalents held in bond trust fund investments	\$ 6,786,697	\$ 6,786,697	\$ -

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 4 - CASH AND CASH EQUIVALENTS HELD IN INVESTMENTS

Cash and cash equivalents consist of various short-term investments maintained by the Bond Trustee in certain trust accounts and are stated at fair value. At June 30, 2022, cash and cash equivalents held in investments with the Trustee consisted of the following:

Description	Cost	Fair Value at Reporting Date Using Quoted Prices in Active Markets for Identical Assets (Level 1)	Unrealized Gain/(Loss)
June 30, 2022			
<u>Fidelity Institutional Treasury Portfolio CI I</u>			
Cash and cash equivalents:			
Held in investments - current	\$ 61,248	\$ 61,248	\$ -
Total Fidelity Institutional Treasury Portfolio CI I	<u>\$ 61,248</u>	<u>\$ 61,248</u>	<u>\$ -</u>
<u>Fidelity Institutional Treasury Portfolio CI II</u>			
Cash and cash equivalents:			
Held in investments - current	\$ -	\$ -	\$ -
Held in investments - noncurrent	920,076	920,076	-
Total Fidelity Institutional Treasury Portfolio CI II	<u>\$ 920,076</u>	<u>\$ 920,076</u>	<u>\$ -</u>
<u>Fidelity Institutional Treasury Portfolio CI III</u>			
Cash and cash equivalents:			
Held in investments - current	\$ 9	\$ 9	\$ -
Held in investments - noncurrent	3,965,030	3,965,030	-
Total Fidelity Institutional Treasury Portfolio CI III	<u>\$ 3,965,039</u>	<u>\$ 3,965,039</u>	<u>\$ -</u>
Total cash and cash equivalents held in bond trust fund investments	<u><u>\$ 4,946,363</u></u>	<u><u>\$ 4,946,363</u></u>	<u><u>\$ -</u></u>

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 4 - CASH AND CASH EQUIVALENTS HELD IN INVESTMENTS (continued)

Realized gains and losses from securities sold are recorded on the specific identified cost basis. The following schedule summarizes the investment return included in interest income in the Statements of Activities for the years ended June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Interest/dividend income	\$ 271,599	\$ 4,946
Net realized and unrealized gains/(losses)	<u>-</u>	<u>-</u>
Total investment returns	<u>\$ 271,599</u>	<u>\$ 4,946</u>

NOTE 5 - PROPERTY AND EQUIPMENT

	<u>2023</u>	<u>2022</u>
Buildings and renovations	\$ 98,040,058	\$ 72,051,251
Furniture, fixtures, and equipment	10,439,315	7,660,671
Site improvements	<u>10,824,607</u>	<u>10,465,726</u>
Total depreciable property	\$ 119,303,981	\$ 90,177,648
Less: Accumulated depreciation	<u>(40,399,858)</u>	<u>(37,559,249)</u>
Net depreciable property	\$ 78,904,123	\$ 52,618,399
Land	3,776,842	610,191
Construction in progress	<u>917,541</u>	<u>8,233,630</u>
Net property and equipment	<u>\$ 83,598,505</u>	<u>\$ 61,462,220</u>

At June 30, 2023, all of the Organization's property and equipment, net of construction in progress, land, and buildings held for future development, were leased to the Board on behalf of ULM, in accordance with the facility lease agreements discussed in Note 8 to the financial statements.

NOTE 6 - NOTES PAYABLE AND RELATED FINANCING AGREEMENTS

Notes Payable - Series 2004A, 2004A-T, 2004C, and 2004C-T

On June 30, 2004, the Authority issued \$33,365,000 in Tax-Exempt Variable Rate Revenue Bonds (Series 2004A) and \$1,845,000 in Taxable Variable Rate Revenue Bonds (Series 2004B). On December 8, 2004, the Authority issued \$32,515,000 in Tax-Exempt Variable Rate Revenue Bonds (Series 2004C) and \$1,165,000 in Taxable Variable Rate Revenue Bonds (Series 2004D). The proceeds of the bond issues were loaned to the Organization for the following purposes: (1) to demolish eight existing dormitories on the campus of ULM; (2) to design, develop, and construct new on-campus student housing and to renovate and refurbish existing on-campus student housing; (3) to design, develop, and construct a new on-campus student infirmary; (4) to expand and renovate ULM's student center; (5) to pay off housing-related debt in the amount of \$1,178,926; and (6) to fund various reserves and to pay bond issuance costs. The Series 2004A and Series 2004B bond proceeds were loaned to the Organization pursuant to a Loan and Assignment Agreement by and between the Organization and the Authority dated June 1, 2004. The Series 2004C and Series 2004D bond proceeds were loaned to the Organization pursuant to a First Amendment to the Loan and Assignment Agreement by and between the Organization and the Authority dated December 1, 2004. During the year ended June 30, 2009, the indebtedness represented by the Series 2004B bonds and Series 2004D bonds were paid in full.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 - NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (continued)

Notes Payable - Series 2004A, 2004A-T, 2004C, and 2004C-T (continued)

On December 1, 2009, the Authority and the Trustee entered into the Second Supplemental Trust Indenture, whereby the Series 2004C bonds totaling \$32,240,000 were reissued as Tax-Exempt Variable Rate Revenue Bonds - Series 2004C bonds in the amount of \$30,000,000 and Taxable Variable Rate Revenue Bonds - Series 2004C-T in the amount of \$2,240,000. As detailed in the Second Supplemental Trust Indenture, the Series 2004C bonds and the Series 2004C-T bonds are referred to as "Bank Rate Bonds." The Series 2004C bonds were subject to an interest rate of 59.8% of the LIBOR Rate plus 1.6% (the Bank Rate), and the Series 2004C-T bonds were subject to an interest rate of the LIBOR Rate plus 1.5% (the Taxable Bank Rate).

On January 1, 2010, the Authority and the Trustee entered into the Third Supplemental Trust Indenture whereby the Series 2004A bonds totaling \$33,365,000 were reissued as Tax-Exempt Variable Rate Revenue Bonds - Series 2004A bonds in the amount of \$30,000,000 and Taxable Variable Rate Revenue Bonds - Series 2004A-T in the amount of \$3,365,000. As detailed in the Third Supplemental Trust Indenture, the Series 2004A bonds, and the Series 2004A-T bonds are referred to as "Bank Rate Bonds." The Series 2004A bonds were subject to an interest rate of 59.8% of the LIBOR Rate plus 1.6% (the Bank Rate), and the Series 2004A-T bonds were subject to an interest rate of the LIBOR Rate plus 1.5% (the Taxable Bank Rate).

On November 1, 2012, the Authority and the Trustee entered into an Amended and Restated Trust Indenture, which amends and restates in its entirety all previous amendments to the Trust Indenture (the First Supplemental Trust Indenture, the Second Supplemental Trust Indenture, and the Third Supplemental Trust Indenture - the Prior Indenture). The amendment is in connection with the refinancing and reissuance of the Series 2004 bonds and the conversion of the 2004A-T bonds and the 2004C-T bonds into Bank Rate bonds, on which the interest is exempt from federal income taxation. The current interest rate on the Bank Rate bonds is 2.92% per annum, which is fixed for a period of 10 years.

On September 1, 2021, the Authority and the Trustee entered into a Second Supplemental Trust Indenture, whereby the Series 2004A and Series 2004C Bank Rate bonds were refinanced and reissued in the amount of \$23,640,000 and \$22,570,000, respectively. The reissued Series 2004A and Series 2004C bonds carry an interest rate of 1.57% and 1.65%, respectively. The interest rate is fixed for the remaining term of each bond.

Effective September 1, 2021, with the execution of the Second Supplemental Trust Indenture in connection with the Series 2004A and Series 2004C revenue bonds, "reduced debt service reserve fund requirement" was amended to \$0.

The principal and interest payments on the loans are required to be the amount equal to the principal and interest amounts of the underlying bonds. To secure the Organization's obligations under the Loan and Assignment Agreement, as amended, the Organization transferred, assigned, and pledged unto the Authority all right, title, and interest of the Organization in, to, and under each Amended and Restated Agreement to Lease With Option to Purchase between the Organization and the Board; all rents and receipts derived from occupancy of the on-campus facilities; and any and all additional revenues received by the Organization. As of June 30, 2023, the terms of the loans are as follows:

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 – NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (continued)

Notes Payable – Series 2004A, 2004A-T, 2004C, and 2004C-T (continued)

	Underlying Bonds	
	Series 2004A Bonds	Series 2004C Bonds
Annual interest rate	Bank Rate 1.57%	Bank Rate 1.65%
Interest payments due	Monthly	Monthly
Principal payments due	November 1	November 1
Commencing	10/1/2021	10/1/2021
Maturity date	11/1/2034	11/1/2035
Principal balance due at June 30, 2023	\$ 23,065,000	\$ 22,120,000
Principal balance due at June 30, 2022	\$ 23,640,000	\$ 22,570,000
	<u>2023</u>	<u>2022</u>
Note payable – Series 2004A bonds	\$ 23,065,000	\$ 23,640,000
Less: unamortized debt issuance costs	(740,456)	(793,009)
Note payable – Series 2004A bonds, net	<u>\$ 22,324,544</u>	<u>\$ 22,846,991</u>
	<u>2023</u>	<u>2022</u>
Note payable – Series 2004C bonds	\$ 22,120,000	\$ 22,570,000
Less: unamortized debt issuance costs	(592,338)	(569,181)
Note payable – Series 2004C bonds, net	<u>\$ 21,527,662</u>	<u>\$ 22,000,819</u>

Note Payable – Series 2014 Athletic Facilities Project

On June 30, 2014, the Authority issued \$1,845,000 in Revenue and Refunding Bonds (Series 2014 Athletic Facilities Project). The proceeds of the bond issue were loaned to the Organization for the following purposes: (1) to refund its Promissory Note dated March 11, 2011, in favor of the Trustee in the original amount of \$2,000,000, (2) to finance football field improvements, and (3) to pay bond issuance costs. The Series 2014 Athletic Facilities Project bond proceeds were loaned to the Organization pursuant to a Loan and Assignment Agreement by and between the Organization and the Authority dated June 30, 2014.

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. As such, the loan bears interest at a rate of 2.92% per annum and matures on June 11, 2024. Principal and interest are payable on the loan each September 11, December 11, March 11, and June 11, commencing September 11, 2014, in accordance to the amortization schedule included in the bond closing documents. To secure the Organization's obligations under the Loan and Assignment Agreement, the Organization transferred, assigned, and pledged unto the Authority all right, title, and interest of the Organization in, to, and under the Agreement to Lease With Option to Purchase dated March 18, 2011, along with all amendments, between the Organization and the Board, and any leases, subleases, and use agreements or other similar agreements relating to the scoreboards, athletic facilities upgrades, and electronic display boards. The principal balance due on the Note Payable – Series 2014 Athletic Facilities Project bonds totaled \$210,000 and \$415,000 at June 30, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Note payable – Series 2014 Athletic Facilities Project	\$ 210,000	\$ 415,000
Less: unamortized debt issuance costs	(5,843)	(11,547)
Note payable – Series 2014 Athletic Facilities Project, net	<u>\$ 204,157</u>	<u>\$ 403,453</u>

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 - NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (continued)

Note Payable - Series 2014 Student Success Center

On July 9, 2014, the Authority issued \$1,645,000 in Revenue Bonds (Series 2014 Student Success Center). The proceeds of the bond issue were loaned to the Organization for the following purposes: (1) to refund all or a portion of the Prior Bonds (Series 2007) issued for the development, construction, and equipping of the Clarke M. Williams Student Success Center (the Student Success Center), related facilities, and other campus improvements at the University, and (2) to pay bond issuance costs. The Series 2014 Student Success Center bond proceeds were loaned to the Organization pursuant to a Loan and Assignment Agreement by and between the Organization and the Authority dated June 30, 2014.

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. As such, the loan bears interest at a rate of 3.14% per annum and matures on October 1, 2026. Interest is payable on the loan on April 1 and October 1 of each year, and principal is payable on October 1 of each year. To secure the Organization's obligations under the Loan and Assignment Agreement, the Organization transferred, assigned, and pledged unto the Authority all right, title, and interest of the Organization in, to, and under the Agreement to Lease With Option to Purchase dated October 25, 2007, between the Organization and the Board; and any leases, subleases, and use agreements or other similar agreements relating to the Student Success Center; all rents, issues, receipts, and profits derived from the use or occupancy of the Student Success Center; and any and all additional revenues, income, receipts, and other payments, including but not limited to, insurance proceeds, grants, donations, and sale proceeds received by the Organization for or relating to the Student Success Center. The principal balance due on the Note Payable - Series 2014 Student Success Center bonds totaled \$610,000 and \$750,000 at June 30, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Note payable - Series 2014 Student Success Center	\$ 610,000	\$ 750,000
Less: unamortized debt issuance costs	<u>(18,899)</u>	<u>(23,249)</u>
Note payable - Series 2014 Student Success Center, net	<u>\$ 591,101</u>	<u>\$ 726,751</u>

Note Payable - Series 2016 Student Event Center Project

On March 1, 2016, the Authority issued \$6,000,000 in Revenue Bonds (Series 2016). The proceeds of the bond issue were loaned to the Organization for (1) the purpose of acquiring, designing, developing, constructing, renovating, and reconstructing of the existing natatorium on the campus of ULM and the construction of a spirit group practice area, as well as a large events center to accommodate recruitment events, student events, parties, weddings, and conferences (the Student Event Center), and (2) to pay bond issuance costs. The Series 2016 bond proceeds were loaned to the Organization pursuant to a Loan and Assignment Agreement by and between the Organization and the Authority dated March 1, 2016.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

NOTE 6 - NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (continued)

Note Payable - Series 2016 Student Event Center Project (continued)

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. As such, the loan bears interest at a rate of 2.52% per annum and matures on June 20, 2036. Interest is payable on the loan on March 1 and September 1 of each year, and principal is payable on June 30 of each year. To secure the Organization's obligation under the Loan and Assignment Agreement, the Organization transferred, assigned, and pledged unto the Authority all right, title, and interest of the Organization in, to, and under the Agreement to Lease With Option to Purchase dated March 1, 2016, between the Organization and the Board; any leases, subleases, and use agreements or other similar agreements relating to the Student Event Center Project; all rents, issues, receipts, and profits derived from the use or occupancy of the Student Event Center; and any and all additional revenues, income, receipts, and other payments, including, but not limited to, insurance proceeds, grants, donations, and sale proceeds received by the Organization for or relating to the Student Event Center Project. The principal balance due on the Note Payable - Series 2016 bonds totaled \$4,390,000 and \$4,650,000 at June 30, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Note payable - Series 2016 Student Event Center Project	\$ 4,390,000	\$ 4,650,000
Less: unamortized debt issuance costs	<u>(85,251)</u>	<u>(90,300)</u>
Note payable - Series 2016 Student Event Center Project, net	<u>\$ 4,304,749</u>	<u>\$ 4,559,700</u>

Note Payable - Series 2017 and 2018 Brown Stadium Project

On June 14, 2017, the Authority issued \$4,000,000 in Revenue Bonds (Series 2017). The proceeds of the bond issue were loaned to the Organization (1) for the purpose of acquiring, designing, developing, constructing, renovating, and the reconstructing of Brown Stadium and parking adjacent thereto, on the campus of the University (Brown Stadium), and (2) to pay bond issuance costs. The Series 2017 bond proceeds were loaned to the Organization pursuant to a Loan and Assignment Agreement by and between the Organization and the Authority dated June 1, 2017. To secure the Organization's obligations under the Loan and Assignment Agreement, the Organization transferred, assigned, and pledged unto the Authority all right, title, and interest of the Organization in, to, and under the Agreement to Lease With Option to Purchase dated June 1, 2017, between the Organization and the Board; any leases, subleases, and use agreements or other similar agreements relating to the Brown Stadium Project; all rents, issues, receipts, and profits derived from the use of occupancy of Brown Stadium; and any and all additional revenues, income, receipts, and other payments, including, but not limited to, insurance proceeds, grants, donations, and sale proceeds received by the Organization for or relating to the Brown Stadium Project.

On August 1, 2018, the Authority and the Trustee entered into the First Supplemental Trust Indenture, whereby the Authority issued \$2,000,000 in Revenue bond Series 2018 on a parity with the Series 2017 bonds. The Series 2018 bond proceeds were loaned to the Organization pursuant to the Supplemental Loan and Assignment Agreement dated August 1, 2018, that supplements and amends the Loan and Assignment Agreement by and between the Organization and the Authority dated June 1, 2017. Under the Supplemental Indenture, the Series 2018 bond proceeds were loaned to the Organization for the purpose of (1) financing a portion of renovating, rehabilitating, and constructing the improvements to Brown Stadium and parking adjacent, thereto, on the campus and (2) paying costs of issuance of the Series 2018 bonds.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

NOTE 6 - NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (continued)

Note Payable - Series 2017 and 2018 Brown Stadium Project (continued)

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. To secure the Organization's obligations under the Supplemental Loan and Assignment Agreement, the Organization transferred, assigned, and pledged unto the Authority all right, title, and interest of the Organization in, to, and under the supplemented and amended Agreement to Lease With Option to Purchase dated August 1, 2018, between the Organization and the Board. The provisions and terms, as supplemented and amended, shall have the same meaning as the original Agreement to Lease With Option to Purchase dated June 1, 2017. As of June 30, 2023, the terms of the loans are as follows:

	<u>Underlying Bonds</u>	
	<u>Series 2017</u> <u>Brown Stadium</u> <u>Project</u>	<u>Series 2018</u> <u>Brown Stadium</u> <u>Project</u>
Annual interest rate	2.75%	3.56%
Interest payments due	Semi-annually	Semi-annually
Principal payments due	June 1	June 1
Commencing	6/1/2017	12/1/2018
Maturity date	6/1/2027	6/1/2027
Principal balance due at June 30, 2023	\$ 1,730,000	\$ 960,000
Principal balance due at June 30, 2022	\$ 2,135,000	\$ 1,180,000
	<u>2023</u>	<u>2022</u>
Note payable - Series 2017 Brown Stadium Project	\$ 1,730,000	\$ 2,135,000
Less: unamortized debt issuance costs	<u>(45,539)</u>	<u>(56,200)</u>
Note payable - Series 2017 Brown Stadium Project, net	<u>\$ 1,684,461</u>	<u>\$ 2,078,800</u>
	<u>2023</u>	<u>2022</u>
Note payable - Series 2018 Brown Stadium Project	\$ 960,000	\$ 1,180,000
Less: unamortized debt issuance costs	<u>(33,791)</u>	<u>(41,534)</u>
Note payable - Series 2018 Brown Stadium Project, net	<u>\$ 926,209</u>	<u>\$ 1,138,466</u>

Note Payable - Series 2020 Student Hub Project

On December 1, 2020, the Authority issued \$5,500,000 in Revenue Bonds (Series 2020). The proceeds of the bond issue were loaned to the Organization for (1) the purpose of developing, designing, constructing, and equipping the Facilities; (2) funding a deposit to a debt service reserve fund, if necessary; and (3) paying costs of issuance of the Series 2020 Bond. The Series 2020 bond proceeds were loaned to the Organization pursuant to a Loan and Assignment Agreement by and between the Organization and the Authority dated December 1, 2020. To secure the Organization's obligations under the Loan and Assignment Agreement, the Organization transferred, assigned, and pledged unto the Authority all right, title, and interest of the Organization in, to, and under the Agreement to Lease With Option to Purchase dated December 1, 2020 between the Organization and the Board; any leases, subleases, and use agreements or other similar agreements relating to the Student Hub Project; all rents, issues, receipts, and profits derived from the use of occupancy of the Student Hub; and any and all additional revenues, income, receipts, and other payments, including, but not limited to, insurance proceeds, grants, donations, and sale proceeds received by the Organization for or relating to the Student Hub Project.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

NOTE 6 - NOTES PAYABLE AND RELATED FINANCING AGREEMENTS (continued)

Note Payable - Series 2020 Student Hub Project (continued)

The principal and interest payments on the loan are required to be the amount equal to the principal and interest amounts of the underlying bonds. As such, the loan bears interest at a rate of 3.07% per annum and matures on June 1, 2035. Interest is payable on the loan on June 1 and December 1 of each year, and principal is payable on June 1 of each year. To secure the Organization's obligation under the Loan and Assignment Agreement, the Organization transferred, assigned, and pledged unto the Authority all right, title, and interest of the Organization in, to, and under the Agreement to Lease With Option to Purchase dated December 1, 2020, between the Organization and the Board; any leases, subleases, and use agreements or other similar agreements relating to the Student Hub Project; all rents, issues, receipts, and profits derived from the use or occupancy of the Student Hub; and any and all additional revenues, income, receipts, and other payments, including, but not limited to, insurance proceeds, grants, donations, and sale proceeds received by the Organization for or relating to the Student Hub Project. The principal balance due on the Note Payable - Series 2020 bonds totaled \$4,580,000 and \$4,890,000 at June 30, 2023 and 2022, respectively.

	<u>2023</u>	<u>2022</u>
Note payable - Series 2020 Student Hub Project	\$ 4,580,000	\$ 4,890,000
Less: unamortized debt issuance costs	<u>(89,720)</u>	<u>(95,793)</u>
Note payable - Series 2020 Student Hub Project, net	<u>\$ 4,490,280</u>	<u>\$ 4,794,207</u>

Aggregate Maturities of Long-Term Debt

The aggregate maturities of long-term debt for each of the next five years and in five-year increments thereafter, based on interest rates in effect at June 30, 2023, are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Fixed Rate</u> <u>Interest</u>	<u>Total</u>
	\$	\$	\$
2024	4,570,000	1,059,725	5,629,725
2025	4,480,000	964,047	5,444,047
2026	4,535,000	872,467	5,407,467
2027	4,670,000	778,708	5,448,708
2028	3,930,000	685,838	4,615,838
2029-2033	21,410,000	2,295,023	23,705,023
2034-2038	<u>14,070,000</u>	<u>425,752</u>	<u>14,495,752</u>
Totals	<u>\$ 57,665,000</u>	<u>\$ 7,081,559</u>	<u>\$ 64,746,559</u>

The total amount of interest costs incurred for the year ended June 30, 2023, totaled \$1,134,324, of which \$1,185,024 was charged to expense.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

The Organization has demand deposits held in trust, as well as separately from the trust, by the Trustee. The Organization also has short-term investments (cash equivalents) in various funds containing U.S. Treasury securities, which are held in trust by the Trustee. The short-term investments, totaling \$937,382 [at fair value (Level 1 inputs - quoted prices in active markets for identical assets) and at cost], are collateralized by U.S. Treasury securities and are uninsured and, thus, are exposed to credit risk. The demand deposits, in total, are insured by the Federal Deposit Insurance Corporation in an amount up to \$250,000 per financial institution. The Organization had uninsured deposit balances totaling \$5,345,147 at June 30, 2023. The Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks.

Although the Organization does not require collateral to support financial instruments subject to credit risk, they obtain pledged securities from the Trustee in an effort to mitigate this risk. As of June 30, 2023, pledged securities amounted to \$7,435,322, which provides adequate coverage to mitigate the exposure of the uninsured deposits. The Organization has concentrations of credit risk relevant to its receivables for student rents and the Laundry Room Lease.

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS**Student Housing, Student Health Center, and Student Union****Ground and Buildings Lease Agreement**

The Organization and the Board, on behalf of ULM, entered into an Amended and Restated Ground and Buildings Lease Agreement (the Ground Lease) on June 1, 2004. Under the terms of the Ground Lease, the Board leases certain tracts of land and buildings owned by the Board and located on the campus of ULM to the Organization for the sum of \$1 per year. The Organization entered into the Ground Lease for the purpose of demolishing certain existing facilities and renovating, developing, and constructing student housing and related facilities, a student union, and an infirmary. The Board owns all of the facilities included in the Ground Lease subject to the Organization's rights under the Ground Lease and leases back the student housing and related facilities, student union, and infirmary from the Organization for the support, maintenance, and benefit of the Board and ULM. See Facilities Lease Agreement below.

Facilities Lease Agreement

The Organization and the Board, on behalf of ULM, entered into an Amended and Restated Agreement to Lease With Option to Purchase (the Facilities Lease) on June 1, 2004. Under the terms of the Facilities Lease, the Organization leases the student housing and related facilities to the Board, and the Board agrees, upon completion of renovation and construction of the student housing and related facilities, to accept possession of such housing and facilities. Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Organization for the use and occupancy of the student housing and facilities. The base rental is due on the dates that principal and/or interest are due and payable on the bonds and in amounts equal to the principal and/or interest due and payable. The base rental also includes payments made to meet the reserve funding requirements of the indentures. The Board agrees to pay, as additional rental, any and all expenses incurred by the Organization on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the student housing and related facilities.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS (continued)

Student Housing, Student Health Center, and Student Union (continued)

Facilities Lease Agreement (continued)

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (1) November 1, 2044, or (2) the date that all amounts owed under the indentures have been paid.

Student Success Center

Ground and Buildings Lease Agreement

The Organization and the Board, on behalf of ULM, entered into a Ground and Buildings Lease Agreement (the Ground Lease) on October 25, 2007. Under the terms of the Ground Lease, the Board leases certain tracts of land owned by the Board and located on the campus of ULM to the Organization for the sum of \$1 per year. The Organization entered into the Ground Lease for the purpose of demolishing and/or renovating certain existing buildings and developing, constructing, and equipping the Clarke M. Williams Student Success Center, related facilities, and other campus improvements from the Organization for use by the students, faculty, and staff of ULM and such other persons as set forth in the Facilities Lease described on the next page.

Unless terminated sooner, as provided in the Ground Lease, the lease will terminate on the earlier of (1) October 25, 2032, or (2) the date on which the bonds issued on behalf of the Organization to pay for construction of the Clarke M. Williams Student Success Center, related facilities, and other campus improvements have been paid or have been deemed to have been paid in full.

Facilities Lease Agreement

The Organization and the Board, on behalf of ULM, entered into an Agreement to Lease With Option to Purchase (the Facilities Lease) on October 25, 2007. Under the terms of the Facilities Lease, the Organization will lease, upon completion, the Clarke M. Williams Student Success Center, related facilities, and other campus improvements to the Board, and the Board agrees, upon completion of construction of such projects, to accept possession of the projects. Under the terms of the Facilities Lease, the Board is required to pay a base rental and an additional rental to the Organization for the use of the Student Event Center. The base rental is due on the 15th day of the month preceding the dates that principal and/or interest are due and payable on the bonds and in amounts equal to the principal and/or interest due and payable. The base rental also includes payments made to meet the Replacement Fund funding requirements of the indenture. The Board agrees to pay, as additional rental, any and all expenses incurred by the Organization on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the aforementioned projects. In addition to the base rental and additional rental payments required by the Facilities Lease, the Board reserves the right to make an extra ordinary rental payment to be deposited in the Project Fund held by the Trustee from Student Enhancement Fee Revenues on hand or collected by the Board during the term of the Facilities Lease in an aggregate amount not to exceed \$5,000,000.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS (continued)

Scoreboards, Athletic Facilities Upgrades, and Electronic Display Boards**Ground and Buildings Lease Agreement**

The Organization and the Board, on behalf of ULM, entered into a Ground and Buildings Lease Agreement (the Ground Lease) on March 18, 2011. Under the terms of the Ground Lease, the Board leases certain tracts of land owned by the Board and located on the campus of ULM to the Organization for the sum of \$1 per year. The Organization entered into the Ground Lease for the following purposes: (1) to install scoreboards at Malone Stadium, the baseball stadium, the softball field, and the soccer field; (2) to install chair-back seating in Malone Stadium; (3) to construct dugouts at the softball field and the soccer field; and (4) to install two electronic display boards. The Board owns all of the facilities included in the Ground Lease, subject to the Organization's rights under the Ground Lease and, upon completion, will lease back the electronic display boards, scoreboards, seating, and dugouts as set forth in the Facilities Lease described below. On June 30, 2014, the Organization and the Board, on behalf of ULM, entered into an Amendment to the Ground Lease for the purpose of extending the term of the Ground Lease.

Unless terminated sooner as provided in the Ground Lease, the lease will terminate on the earlier of (1) June 30, 2024, or (2) the date on which the loan issued on behalf of the Organization to pay for the construction of the facilities has been paid or has been deemed to have been paid in full.

Facilities Lease Agreement

The Organization and the Board, on behalf of ULM, entered into an Agreement to Lease With Option to Purchase (the Facilities Lease) on March 18, 2011. Under the terms of the Facilities Lease, the Organization will lease, upon completion of installation and/or construction, to the Board the following: (1) the scoreboards at Malone Stadium, the baseball stadium, the softball field, and the soccer field; (2) to install chair-back seating in Malone Stadium; (3) to construct dugouts at the softball field and the soccer field; and (4) to install two electronic display boards. The Board agrees, upon completion of installation and/or construction, to accept possession of the following: (1) the scoreboards at Malone Stadium, the baseball stadium, the softball field, and the soccer field; (2) the chair-back seating in Malone Stadium; (3) the dugouts at the softball field and the soccer field; and (4) two electronic display boards. Under the terms of the Facilities Lease, the Board is required to pay a base rental to the Organization for the use of the scoreboards, chair-back seating, dugouts, and electronic display boards. The base rental is due quarterly, on the 1st day of the month preceding the next interest and principal payment date, in an amount equal to the amount necessary to pay the principal and interest due and payable on the loan on the following principal payment date. In addition to the base rental, the Board agrees to pay, as additional rental, any and all expenses incurred by the Organization on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the scoreboard, chair-back seating, dugouts, and electronic display boards. On June 30, 2014, the Organization and the Board, on behalf of ULM, entered into an Amendment to the Facilities Lease, for the purpose of extending the term of the Facilities Lease.

Unless terminated sooner as provided in the Facilities Lease, the lease will terminate on the earlier of (1) June 30, 2024, or (2) the date that all amounts owed under the loan have been paid.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS (continued)

International Student Facility**Ground Lease Agreement**

On May 1, 2014, the Organization and the Board, on behalf of ULM, entered into a Ground Lease Agreement (the Ground Lease) whereby the Board will lease certain property owned by the Board and located on the ULM campus to the Organization for the sum of \$1 per year. Under the terms of the Ground Lease, the Organization will facilitate and oversee the construction, furnishing, and equipping of the International Student Facility, to be located on the property covered under this lease. As of the execution date of the Ground Lease Agreement, the total cost of the project was estimated to be \$1,000,000, and all costs are to be paid entirely with privately donated funds.

Unless sooner terminated, the Ground Lease shall continue and remain in full force and effect for a one-year term beginning on May 1, 2014, and ending on the earlier of (1) April 30, 2015, or (2) the date of the opening of the Facilities. Upon expiration of the Ground Lease, all of the Organization's right, title, and interest shall immediately transfer to and vest in the Board, including, but not limited to, all project warranties.

Due to cost overruns on the project, the Organization had elected to keep the International Student Facility on the balance sheet under fixed assets until additional funds could be raised from private donors.

During the year ended June 30, 2019, the Organization executed an Act of Donation (the Donation) with the Board, on behalf of ULM, irrevocably donating all of its right, title, and interest in the International Student Facility to the Board. The Donation terminated the Ground Lease Agreement and the Cooperative Endeavor Agreement on the property as of the date of the Donation.

Cooperative Endeavor Agreement

On May 1, 2014, the Organization entered into a Cooperative Endeavor Agreement with ULM and the University of Louisiana Monroe Foundation, Inc. (the Foundation), whereas the Board will lease certain property owned by the Board and located on the ULM campus, to the Facilities, in accordance with the terms of the Ground Lease. Under the terms of the Cooperative Endeavor Agreement, the Foundation will facilitate incremental draw payments through the Organization, which will contract directly with the contractors and vendors.

Unless terminated sooner as provided in the Ground Lease, the lease shall continue and remain in full force and effect for a one-year term beginning on August 1, 2014, and will end on the earlier of (1) July 31, 2015, or (2) the date of the opening of the Facilities. Upon expiration of the Ground Lease, all of the Organization's right, title, and interest in the Facilities shall immediately transfer to and vest in the Board.

Due to cost overruns on the project, the Organization had elected to keep the International Student Facility on the balance sheet under fixed assets until additional funds could be raised from private donors.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS (continued)

International Student Facility (continued)**Cooperative Endeavor Agreement** (continued)

During the year ended June 30, 2019, the Organization executed an Act of Donation (the Donation) with the Board, on behalf of ULM, irrevocably donating all of its right, title, and interest in the International Student Facility to the Board. The Donation terminated the Ground Lease Agreement and the Cooperative Endeavor Agreement on the property as of the date of the Donation.

The project was completed in 2015, with a \$241,119 contribution by the Organization, necessitated by an overage in project completion costs. In consideration for this contribution, ULM had committed to reimburse the Organization its \$241,119 contribution as additional funds become available and/or donations are received. As of June 30, 2023, ULM has reimbursed the Organization \$171,908 with a balance due of \$69,211.

Student Event Center**Ground and Buildings Lease Agreement**

On March 1, 2016, the Organization and the Board, on behalf of ULM, entered into an Amended and Restated Ground and Buildings Lease Agreement (the Ground Lease) whereby the Board will lease certain property owned by the Board and located on the ULM campus to the Organization for the sum of \$1 per year. Under the terms of the Ground Lease, the Organization will facilitate and oversee the acquisition, designing, developing, constructing, renovating, and reconstructing of the Student Event Center, to be located on the property covered under this Ground Lease. As of the execution date of the Ground Lease Agreement, the total cost of the project was estimated to be \$7,000,000, and all costs are to be paid from funds derived from the issuance of the Series 2016 Tax-Exempt Bonds and other funds provided by the Organization.

Unless sooner terminated, the Ground Lease shall continue and remain in full force and effect for a term commencing on March 1, 2016, and ending on the earlier of (1) March 1, 2016, or (2) the date that all amounts owed under the indenture have been paid. Upon expiration of the Ground Lease, all of the Organization's right, title, and interest shall immediately transfer to and vest in the Board, including, but not limited to, all project warranties.

Agreement to Lease with Option to Purchase

On March 1, 2016, the Organization and the Board, on behalf of ULM, entered into an Amended and Restated Lease with Option to Purchase (the Facilities Lease) whereby the Board will lease certain property owned by the Board and located on the ULM campus to the Organization in accordance with the terms of the Ground Lease. Under the terms of the Facilities Lease, the Organization will facilitate and oversee the construction and development of the entire Student Event Center project on land leased under the Ground Lease and will lease the land and the Student Even Center back to the Board.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS (continued)

Student Event Center (continued)**Agreement to Lease with Option to Purchase** (continued)

Under the terms of the Agreement to Lease with Option to Purchase, the Board is required to pay a base rental and an additional rental to the Organization for the use of the Student Event Center. The base rental is due on the 15th day of the month preceding the dates that the principal and/or interest are due and payable on the bonds and in amounts equal to the principal and/or interest due and payable. The base rental also includes payments made to meet the Replacement Fund funding requirement of the indenture. The Board agrees to pay, as additional rental, any and all expenses incurred by the Organization on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the aforementioned projects. In addition to the base rental and additional rental payments required by the Facilities Lease, the Board reserved the right to make an extra ordinary rental payment to be deposited in the Project Fund held by the Trustee, from Student Enhancement Fee Revenues on hand or collected by the Board during the term of the Facilities Lease in an aggregate amount not to exceed \$5,000,000. The Organization also includes an irrevocable Option allowing the Board to purchase the Facilities interest in the Student Event Center for a specified price and in accordance with the terms of the Option section of the Facilities Lease.

Unless terminated sooner as provided in the Ground Lease, the lease shall continue and remain in full force and effect for a term commencing on March 1, 2016, and ending on the earlier of (1) March 1, 2036, or (2) the date that all amounts owed under the indenture have been paid. Upon expiration of the Ground Lease, all of the Organization's right, title, and interest in the Student Event Center shall immediately transfer to and vest in the Board, including, but not limited to, all project warranties.

Brown Stadium**Ground and Buildings Lease Agreement**

On June 1, 2017, the Organization and the Board, on behalf of ULM, entered into a Ground and Buildings Lease Agreement (the Ground Lease) whereby the Board will lease certain property owned by the Board and located on the ULM campus to the Organization for the sum of \$1 per year. Under the terms of the Lease, the Organization will develop, design, renovate, construct, rehabilitate, and equip, as well as repair and maintain, Brown Stadium and parking adjacent thereto (Brown Stadium), to be located on the property covered under this lease. As of the execution date of the Ground Lease, the total cost of the project was estimated to be \$4,000,000, and all costs are to be paid from funds derived from the issuance of the Series 2017 Tax-Exempt Bonds and other funds provided by the Organization.

Unless terminated sooner, the Ground Lease shall continue and remain in full force and effect for a term commencing on June 1, 2017, and ending on the earlier of (1) June 1, 2027, or (2) the date that all amounts owed under the indentures have been paid. Upon expiration of the Ground Lease, all of the Organization's right, title, and interest shall immediately transfer to and vest in the Board, including, but not limited to, all project warranties.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS (continued)

Brown Stadium (continued)**Agreement to Lease with Option to Purchase**

On June 1, 2017, the Organization and the Board, on behalf of ULM, entered into an Amended and Restated Lease with Option to Purchase (the Facilities Lease) whereby the Board will lease certain property owned by the Board and located on the ULM campus to the Organization in accordance with the terms of the Ground Lease. Under the terms of the Facilities Lease, the Organization will develop, design, renovate, construct, rehabilitate, and equip, as well as repair and maintain, Brown Stadium and parking adjacent thereto (Brown Stadium) on land leased under the Ground Lease and will lease the land and Brown Stadium back to the Board. Under the terms of the Agreement to Lease with Option to Purchase, the Board is required to pay a base rental and an additional rental to the Organization for the use of Brown Stadium. The base rental is due semi-annually on the 5th day of the month preceding the dates that principal and/or interest are due and payable on the bonds and in amounts equal to the principal and/or maintenance of the aforementioned project. In addition to the base rental and additional rental payments required by the Facilities Lease, the Board reserves the right to make an extra ordinary rental payment to be deposited in the Project Fund held by the Trustee, from Student Support Fee Revenues on hand or collected by the Board during the term of the Facilities Lease in an aggregate amount not to exceed \$5,000,000. The Organization also includes an irrevocable option allowing the Board to purchase the Facilities interest in Brown Stadium for a specified price and in accordance with the terms of the option section of the Facilities Lease.

Unless terminated sooner as provided in the Ground Lease, the lease shall continue and remain in full force and effect for a term commencing on June 1, 2017, and ending on the earlier of (1) June 1, 2027, or (2) the date that all amounts owed under the indenture have been paid. Upon expiration of the Ground Lease, all of the Organization's right, title, and interest in Brown Stadium shall immediately transfer to and vest in the Board, including, but not limited to, all project warranties.

Malone Stadium Treatment Room Project**Ground and Facilities Lease Agreement**

On December 1, 2017, the Organization and the Board, on behalf of the ULM, entered into a Ground and Facilities Lease Agreement (the Ground Lease) whereby the Board will lease the land, including the stadium, owned by the Board and located on the ULM campus to the Organization for the sum of \$1 per year. Under the terms of the Ground Lease, the Organization will construct, design, test, survey, and equip an area of Malone Stadium into a new athletic treatment facility (the Treatment Room). As of the execution date of the Ground Lease, the total cost of the project was estimated to be \$1,081,689. ULM will not incur any debt as a result of this project. Unless terminated sooner, the Ground Lease shall continue and remain in full force and effect for a term commencing on December 1, 2017, and will expire when a substantial completion document is signed and all construction is completed. At that time, the Organization will donate all improvements to the Board.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS (continued)

Malone Stadium Treatment Room Project (continued)

Ground and Facilities Lease Agreement (continued)

During the year ended June 30, 2019, the Organization executed an Act of Donation (the Donation) with the Board on behalf of ULM, irrevocably donating all of its right, title, and interest in the Treatment Room to the Board on behalf of ULM. The Donation terminated the Ground and Facilities Lease Agreement on the property as of the date of the Donation.

Wally Jones Golf Complex

Ground and Facilities Lease Agreement

On February 1, 2019, the Organization and the Board, on behalf of ULM, entered into a Ground and Facilities Lease Agreement (the Ground Lease) whereby the Board will lease certain property owned by the Board and located on the ULM campus to the Organization for the sum of \$1 per year. Under the terms of the Ground Lease, the Organization will facilitate and oversee the entire construction project. As of the execution date of the Ground Lease, the total cost of the project was estimated to be \$860,000. The Organization will fund the project. Upon completion of the project and assignment of all of the Organization's interest in the facilities to the Board, the Board shall pay the Organization \$300,000.

Unless terminated sooner, the Ground Lease shall continue and remain in full force and effect for a one-year term beginning on May 10, 2019, and ending on the earlier of (1) May 9, 2019, or (2) the date of substantial completion of the Wally Jones Golf Complex (the Expiration Date). Upon the Expiration Date of the Ground Lease, all of the Organization's right, title, and interest in the facilities shall immediately and automatically terminate and shall be assigned to, transferred to, and vested in the Board.

Cooperative Endeavor Agreement

On June 1, 2019, the Organization entered into a Cooperative Endeavor Agreement with ULM and the Foundation whereby the Board will lease certain property owned by the Board and located on the ULM campus to the Organization in accordance with the terms of the Ground Lease. Under the terms of the Cooperative Endeavor Agreement, the Organization will facilitate and oversee the entire construction project.

The Organization will receive, review, and approve all construction payment requests and forward them to the Foundation. The Foundation will remit funds to the Organization for payment to contractors and vendors. The Foundation will not be involved in the construction project. The Organization will work with the Foundation in an administrative capacity to pay contractors and vendors with funds provided by the Foundation.

The Ground Lease and this Cooperative Endeavor Agreement will expire at the end of one year or the date of the opening of the Wally Jones Golf Complex, whichever occurs first. Upon expiration of the Ground Lease and once all payments have been made by the Foundation to the Organization for the project, the Organization shall assign all of its interest in the project to the Board, and the University shall then pay the Organization \$300,000.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS (continued)

Wally Jones Golf Complex (continued)**Cooperative Endeavor Agreement** (continued)

The term of the Cooperative Endeavor Agreement (the Agreement) shall be for one year beginning on June 1, 2019, and will end on the earlier of (1) May 31, 2020, or (2) the date of the opening of the Wally Jones Golf Complex. The Agreement may be extended or terminated by mutual written agreement of the parties. Once the Agreement terminates, all of the Foundation's and the Organization's right, title, and interest in the Wally Jones Golf Complex shall immediately transfer to and vest with the Board, including, but not limited to, all project warranties.

Student HUB Project**Ground and Facilities Lease Agreement**

On December 1, 2020, the Organization and the Board, on behalf of ULM, entered into a Ground and Facilities Lease Agreement (the Ground Lease) whereby the Board will lease the property, owned by the Board and located on the ULM campus to the Organization for the sum of \$1 per year. Under the terms of the Ground Lease, the Organization will develop, design, renovate, construct, rehabilitate, and equip, as well as repair and maintain the Facilities on the property at its own cost and expense. As of the execution date of the Ground Lease, the total cost of the project was estimated to be \$5,500,000. ULM will not incur any debt as a result of this project. Unless terminated sooner, the Ground Lease shall continue and remain in full force and effect for a term commencing on December 1, 2020, and will expire when a substantial completion document is signed and all construction is completed. The facility was certified as complete as of August 22, 2022.

Construction Laboratory Facility - ULM School of Construction Management**Cooperative Endeavor Agreement**

On March 1, 2022, the Organization entered into a Cooperative Endeavor Agreement with ULM and the ULM Foundation whereby the Organization will facilitate and oversee the development, design, and construction of a Construction Laboratory Facility on land owned by the Organization and adjacent to the ULM School of Construction Management on the ULM campus. Under the terms of the Cooperative Endeavor Agreement, the Organization will facilitate and oversee the entire construction project. Upon completion of the project, the Organization will transfer ownership of the land and all improvements thereon, not limited to the Construction Laboratory Facility, to ULM. The total cost of the project is expected to be \$600,000.

Future Minimum Lease Payments and Rentals**Ground Lease Agreements**

The future minimum lease payments under ground leases (operating leases) as of June 30, 2023, are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 5
2025	4
2026	4
2027	4
2028	4
Thereafter	27
Total minimum lease payments	<u>\$ 48</u>

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 8 - GROUND AND FACILITIES LEASES AND AGREEMENTS (continued)

Facilities Lease Agreements

As discussed above, each Facilities Lease Agreement between the Organization and the Board contains a base rental and an additional rental. The base rental amount is equal to the amount necessary to pay the principal and interest due on each loan as such principal and interest are payable. The additional rental is to be received for expenses incurred by the Organization on behalf of the Board and/or by the Board or ULM in the management, operation, and/or maintenance of the lease facilities. Due to the contingent nature of the additional rental, the future minimum rentals under the facilities leases (operating leases) as of June 30, 2023, are reported utilizing the base rental and, therefore, are equivalent to the aggregate maturities of long-term debt as indicated in Note 6 to the financial statements.

NOTE 9 - LAUNDRY ROOM LEASE

On February 10, 2005, the Organization and Caldwell & Gregory, Inc. (CGI) entered into a Laundry Room Lease Agreement, which was subsequently amended to reflect an effective date of July 15, 2006. Under the terms of the Lease Agreement, CGI has agreed to install, maintain, and service coin-operated drying and laundry equipment on the ULM campus. In addition, CGI has agreed to pay the Organization 85% of all revenues over a \$33.50 average per machine per month. The payments are to be made at a rate of \$850 per month, with an accounting and a settlement to be made on an annual basis. During the year ended June 30, 2018, the Organization and CGI entered into a new 10-year Lease Agreement, with modified terms. The new Lease Agreement is effective July 1, 2018, and will automatically renew under the same terms, conditions, and length unless cancelled by either party not less than 30 days and not more than 180 days prior to the expiration of the then current term.

The future minimum lease payments under the Laundry Room Lease as of June 30, 2023, are as follow:

<u>Years Ending</u> <u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 10,200
2024	10,200
2025	10,200
2026	10,200
2027	10,200
Thereafter	<u>10,200</u>
Total minimum lease payments	<u>\$ 61,200</u>

NOTE 10 - RELATED-PARTY TRANSACTIONS

The Organization reimburses ULM for certain operating expenses resulting from ULM's management of the Organization's various properties. The amount of reimbursable expenses totaled \$2,018,593 and \$1,697,680 for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the Organization owed \$458,307 and \$461,103, respectively, to ULM for reimbursable expenses, which has been included in the Due to ULM financial statement line item.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.**NOTES TO THE BASIC FINANCIAL STATEMENTS****FOR THE YEARS ENDED JUNE 30, 2023 AND 2022****NOTE 10 – RELATED-PARTY TRANSACTIONS (continued)****Due from ULM – Other**

As discussed in Note 8, the Organization contributed \$241,119 to the International Student Facility development. ULM has committed to reimburse the Organization its contribution as additional funds become available and/or donations are received. As of June 30, 2023, ULM has reimbursed the Organization \$171,908 with a balance due of \$69,211.

Due from ULM – Student Housing Rental Collections

The Organization is due rents and application fees collected by ULM in the amount of \$395,313.

Transfers From/Due From – ULM Foundation

In accordance with the terms of various Cooperative Endeavor Agreements, the Organization funds the development, design, and construction of certain facility projects and request reimbursement from related entities, generally the ULM Foundation or ULM Athletic Foundation. During the year ended June 30, 2023, reimbursable development and construction costs totaled \$1,125,538. These reimbursements are included in Transfer/Donation of Funds, Net. The ULM Athletic Foundation owes the Organization \$238,735 and \$169,496 in development and construction reimbursement costs, at June 30, 2023 and 2022, respectively.

NOTE 11 – CONSTRUCTION IN PROGRESS AND COMMITMENTS

During the year ended June 30, 2022, the Organization entered into a Ground and Facilities Lease Agreement with the Board, on behalf of ULM, for the purpose of developing, designing, constructing, and equipping the new Student Hub Facility. In connection with the Student Hub Project, the Organization contracted with various professionals required to complete the Project. The Project was completed in August of 2022 and the facilities were placed into service.

During the year ended June 30, 2023, the Organization entered into a Ground and Facilities Lease Agreement with the Board, on behalf of ULM, for the purpose of developing, designing, constructing, and equipping the Softball Student Athlete Leadership Center. In connection with the Softball Project, the Organization contracted with various professionals required to complete the Project. As of June 30, 2023, expenditures incurred on the Project were \$1,415,422. At June 30, 2023, contracts payable for the Project was \$0. Ownership of the facility was transferred to ULM during the year ended June 30, 2023.

During the year ended June 30, 2023, the Organization entered into a Ground and Facilities Lease Agreement with the Board, on behalf of ULM, for the purpose of constructing drainage and installing an artificial turf field on the ULM campus for the ULM softball team. The Organization contracted with various professionals required to complete the project. The total cost of the Project is expected to be \$800,000. As of June 30, 2023, expenditures incurred on the Project were \$783,541. At June 30, 2023, contracts payable for the Project was \$0. When the Project is complete, ownership of the turf field will be transferred to the University.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.**NOTES TO THE BASIC FINANCIAL STATEMENTS****FOR THE YEARS ENDED JUNE 30, 2023 AND 2022****NOTE 11 - CONSTRUCTION IN PROGRESS AND COMMITMENTS (continued)**

During the year ended June 30, 2023, the Organization entered into a Ground and Facilities Lease Agreement with the Board, on behalf of ULM, for the purpose of constructing drainage and installing an artificial turf field at Malone Stadium on the ULM campus. The Organization contracted with various professionals required to complete the project. The total cost of the Project is expected to be \$700,000. As of June 30, 2023, expenditures incurred on the Project were \$572,432. At June 30, 2023, contracts payable for the Project was \$0.

During the year ended June 30, 2023, the Organization entered into a Ground and Facilities Lease Agreement with the Board, on behalf of ULM, for the purpose of constructing at Short Game Practice Facility at the Wally Jones Golf Complex on the ULM campus.. The Organization contracted with various professionals required to complete the project. The total cost of the Project is expected to be \$150,000. As of June 30, 2023, expenditures incurred on the Project were \$150,000. At June 30, 2023, contracts payable for the Project was \$0.

NOTE 12 - TRANSFER OF FUNDS AND PROPERTY

On March 1, 2013, the Authority and the Trustee entered into the First Supplemental Trust Indenture. Article 2 of this agreement changed Section 4.8(a)(ix) of the Amended and Restated Indenture in its entirety to read as follows: "(ix) Annually on November 1 of each year beginning November 1, 2012, any amounts remaining in the Receipts Fund after the payment required to be made to the Replacement Fund in excess of the amounts necessary to make payments from the Receipts Fund required by this Section 4.8 on such November 1 may be transferred, at the written direction of the Chief Business Officer of the Division of Business Affairs for the University or the President of the University, to the University or the Corporation. Pursuant to this agreement, \$960,000 and \$2,165,000 were transferred to ULM for the years ended June 30, 2023 and 2022, respectively.

The Facilities also transferred assets with a carrying value of \$1,422,422 to the University during the year ended June 30, 2023. This transfer was solely comprised of the Softball Student Athlete Leadership Center.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 13 - LUMEN TECHNOLOGIES CAMPUS - ACT OF DONATION AND LEASEBACK

On June 27, 2023, Lumen Technologies and the University of Louisiana Monroe announced the donation of Lumen's local campus to the university. Specifically, the property was transferred by act of donation to University of Louisiana at Monroe Facilities, Inc.

Located within the city limits of Monroe, Louisiana, the property encompasses approximately 66.212 acres of land on the east side of Highway 165. Situated on the campus are buildings that total approximately 700,000 square feet of commercial office space. In addition to the real estate, the donation also included furniture, fixtures, and other equipment located within the donated buildings.

The donation was recorded as a contribution in an amount equal to the approximate fair value of the real estate and other property. The recognized fair values were obtained from independent third party appraisals. The land and buildings were valued at \$2,979,540 and \$15,770,460 respectively. The buildings are being depreciated over a period of 39 years. The furniture, fixtures, and equipment consist primarily of office furniture, kitchen equipment, as well as auditorium lighting fixtures, projects, and display screens. These items were valued at \$1,840,600 and are have been assigned a useful of 7 years.

In connection with the donation, Lumen and ULMFI entered into agreement whereby Lumen leases back approximately 52,000 square feet of office space within the donated property. The leaseback agreement is for an initial three year term, with extension options for two additional one-year terms. The agreement notes a monthly base rent of \$92,246. The future minimum lease payments are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 1,106,952
2025	1,106,952
2026	1,106,952

NOTE 14 - RECLASSIFICATION

Certain accounts in the prior year's financial statements have been reclassified to conform to the current year's financial statements presentation.

NOTE 15 - SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through September 6, 2023, the date which the financial statements were available for issue, based on FASB ASC 855, *Subsequent Events*, and has determined that certain subsequent events have occurred that would require additional disclosure. The subsequent event is described as follows:

On August 30, 2023, the Authority issued \$1,550,000 in Revenue and Refunding Bonds (Series 2023 Athletic Improvement Project). The proceeds of the bond issue were loaned to the Organization for the following purposes: (1) to refund the remaining principal balance of the Series 2014 Revenue and Refunding Bonds, (2) to finance a new Athletic Scoreboard project, and (3) pay bond issuance costs. The bonds bear an interest rate of 4.80% and are to be repaid over a 15 year term.

SUPPLEMENTARY INFORMATION

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2023

No compensation, benefits, or other payments are paid to an agency head or chief executive officer.

See Independent Auditor's Report.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.
SCHEDULE OF REVENUES, EXPENSES, AND CAPITALIZED
EXPENDITURES MADE TO OR ON BEHALF OF
ULM'S INTERCOLLEGIATE ATHLETICS PROGRAM
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>
Capital expenditures paid to or on behalf of ULM's Intercollegiate Athletics Program	<u>\$ 2,317,968</u>

See Independent Auditor's Report.

REPORT ON INTERNAL CONTROL AND COMPLIANCE



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

**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 and Management
University of Louisiana Monroe Facilities, Inc.
Monroe, Louisiana

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 Louisiana Monroe Facilities, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 6, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 purpose described in the preceding paragraph and was designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Silas Simms, LLP".

Monroe, Louisiana
September 6, 2023

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

SCHEDULE OF FINDINGS

AS OF JUNE 30, 2023, AND FOR THE YEAR THEN ENDED

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor's report issued on the financial statements: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified: | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 3. Material noncompliance relating to the financial Statements? | |
| | No |

SECTION 2: FINANCIAL STATEMENT FINDINGS

Status of Prior Year Findings - None

Current Year Findings - None

**INDEPENDENT ACCOUNTANT'S REPORTS ON
SCHEDULE OF REPRESENTATIONS AND
SCHEDULE OF SUPPLEMENTAL ASSURANCES**



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

INDEPENDENT ACCOUNTANT'S REPORT ON
SCHEDULE OF REPRESENTATIONS

To the Board of Directors and Management of
University of Louisiana Monroe Facilities, Inc.
Monroe, Louisiana

We have examined the accompanying Schedule of Representations of the University of Louisiana Monroe Facilities, Inc. (the Corporation) for the year ended June 30, 2023. The Corporation's management is responsible for the Schedule of Representations based on criteria established by the Board of Supervisors of the University of Louisiana System. Our responsibility is to express an opinion on Management's assertions.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedule of Representations is based on the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule of Representations. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Schedule of Representations, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement

In our opinion, Management's assertion that the accompanying Schedule of Representations of the University of Louisiana Monroe Facilities, Inc. for the year ended June 30, 2023, is presented in accordance with the requirements of the Board of Supervisors of the University of Louisiana System, in all material respects.

This report is intended solely for the information and use of the University of Louisiana Monroe Facilities, Inc. and the Board of Supervisors of the University of Louisiana System and is not intended to be, and should not be, used by anyone other than these specified parties.

Silas Simmons, LLP

Monroe, Louisiana
September 6, 2023

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.**SCHEDULE OF REPRESENTATIONS****FOR THE YEAR ENDED JUNE 30, 2023****REPRESENTATION 1****Board of Directors**

- a) The officers and members of the Corporation's Board of Directors, with a brief biography of each, and the expiration of their term are as follows:

See Attachment A

- b) A schedule of Board meetings held during the year ended June 30, 2023, are as follows:

- September 22, 2022
- January 12, 2023
- May 3, 2023
- June 15, 2023

REPRESENTATION 2**Corporate and/or Statutory Responsibilities**

- a) There were no changes made to either the Articles of Incorporation and/or the Bylaws during the year being audited.
- b) The Corporation has not submitted the annual IRS Form 990 for the year being audited (June 30, 2023). The annual IRS Form 990 will be submitted at the time of the form's completion. The annual IRS Form 990 for the year ended June 30, 2022, was submitted timely.
- c) The Corporation filed its most recent Annual Report with the Louisiana Secretary of State on February 27, 2023. The Corporation is in good standing as of that date.
- d) The Corporation did not deposit any public funds during the year ended June 30, 2023, and did not hold any public funds at June 30, 2023.

REPRESENTATION 3**Contracts**

- a) The Corporation does not have any lease, lease-back, financing, or any other agreements with the University of Louisiana at Monroe. However, the Corporation has the following Ground Lease and Agreement to Lease With Option to Purchase agreements with the Board of Supervisors of the University of Louisiana System on behalf of the University of Louisiana at Monroe:
- Student Housing, Student Health Center, Student Union Building
 - Clarke M. Williams Student Success Center
 - Athletic Venue Scoreboards, Athletic Facility Upgrades, and Electronic Display Boards
 - Student Event Center Project
 - Brown Stadium Project
 - Student HUB Project

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

SCHEDULE OF REPRESENTATIONS

FOR THE YEAR ENDED JUNE 30, 2023

REPRESENTATION 3 (continued)

- b) All debt service payments for which the Corporation is responsible have been made timely to Regions Bank, Trustee and to Regions Bank, as applicable.
- c) Payments due to the University of Louisiana at Monroe have been properly calculated, paid, and recorded in the financial statements in accordance with the applicable contracts/agreements.
- d) Fees and other sources of revenue have been deposited timely and in the appropriate accounts when collected.

REPRESENTATION 4

Relationship to University

- a) There are no contracts between the Corporation and any member of its Board of Directors, any member of the University of Louisiana System Board of Supervisors, any University of Louisiana System employee, or any university employee.
- b) There are no payments for supplemental compensation and/or benefits for a University of Louisiana System or University employee paid during the fiscal year being audited.

REPRESENTATION 5

Repair and Replacement Reserve Accounts

- a) The Repair and Replacement Reserve Accounts are funded annually.
- b) There have not been any years in which a contribution to the reserve account did not occur.
- c) The total amount held in the Replacement Reserve Account at June 30, 2023, was \$3,063,478. As of June 30, 2023, the balance in each Replacement Reserve Account was as follows:

Series 2004A, Series 2004C	\$	2,721,108
Series 2014	\$	342,370



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
Tel: 601-442-7411
Fax: 601-442-8551

46
2120 Forsythe Ave.
Monroe, LA 71201
P. O. Box 4550
Monroe, LA 71211
Tel: 318-323-4481
Fax: 318-323-2188

www.silassimmons.com

**INDEPENDENT ACCOUNTANT'S REPORT ON SCHEDULE OF SUPPLEMENTAL
ASSURANCES FOR AFFILIATED ORGANIZATIONS**

To the Board of Directors and Management of
University of Louisiana Monroe Facilities, Inc.
Monroe, Louisiana

We have examined management of University of Louisiana Monroe Facilities, Inc.'s assertion that the accompanying Schedule of Supplemental Assurances of the University of Louisiana Monroe Facilities, Inc. (the Corporation) for the year ended June 30, 2023, is presented based on the criteria included in the University of Louisiana System's *Policy on University Foundations & Other Affiliate Organizations (Policy Number: FB-IV (4)a)*. The Corporation's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about management's assertion. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, management's assertion that the accompanying Schedule of Supplemental Assurances of the Corporation for the year ended June 30, 2023, is presented based on criteria included in the University of Louisiana System's *Policy on University Foundations & Other Affiliate Organizations (Policy Number: FB-IV (4)a)* is fairly stated, in all material respects.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

This report is intended solely for the information and use of the University of Louisiana Monroe Facilities, Inc., the University of Louisiana at Monroe, and the Board of Supervisors of the University of Louisiana System and is not intended to be, and should not be, used by anyone other than these specified parties.

Silas Simmons, LLP

Monroe, Louisiana
September 6, 2023

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

SCHEDULE OF SUPPLEMENTAL ASSURANCES FOR AFFILIATED ORGANIZATIONS

FOR THE YEAR ENDED JUNE 30, 2023

ASSURANCE 1

The University of Louisiana Monroe Facilities, Inc. (the Affiliate) did not make loans to or allocate any net earnings or assets to the benefit of its directors, officers, or other private persons. Any payments made to these persons were for reasonable compensation for services rendered or reimbursement for reasonable travel expenses.

ASSURANCE 2

The Affiliate made no political contributions nor reimbursed any employee for politically-related expenses that would violate IRS guidelines for 501 (C)(3) organizations {for example, IRS Fact Sheet 2006-17}. Accordingly, the Affiliate did not provide funds to, or on behalf of, University employees to endorse political parties or candidates, attend political fundraisers, participate in lobbying activities, etc.

ASSURANCE 3

The Affiliate has not received any endowments since its inception.

ASSURANCE 4

The Affiliate's policy is to record donations in the accounting records in accordance with donor intent (i.e. without donor restrictions vs. with donor restrictions funds/endowments). The Affiliate did not receive donations during the year ended June 30, 2023.

ASSURANCE 5

The Affiliate did not deposit or hold public funds at any time during the year ended June 30, 2023.

ASSURANCE 6

The Affiliate did not have any contracts with any member of its Board of Directors, any member of the University of Louisiana System Board of Supervisors, any University of Louisiana System employee, or any University employee.

ASSURANCE 7

The Affiliate did not pay any supplemental compensation and/or benefits for a University of Louisiana System or University employee. Thus, no funds for supplemental compensation and/or benefits for a University of Louisiana System or University employee were paid to the System Office or University for disbursement to the employee, and no supplemental payments were made directly to an employee.

ASSURANCE 8

The Affiliate did not make any payments of \$1,000 or more to, or on behalf of, any individual University employee. Thus, the requirement to report quarterly to the University all single payments of \$1,000 or more made to, or on behalf of, any individual University employee was not applicable to the Affiliate during the year ended June 30, 2023.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.**SCHEDULE OF SUPPLEMENTAL ASSURANCES FOR AFFILIATED ORGANIZATIONS****FOR THE YEAR ENDED JUNE 30, 2023****ASSURANCE 9**

The Affiliate did not make any payments of less than \$1,000 to, or on behalf of, any individual University employee. Thus, the requirement to review a sample of disbursements less than \$1,000 made to, or on behalf of, University employees for compliance with the policies contained in the Affiliation Agreement, "Affiliate Funding and Administration," Section 4 is not applicable to the Affiliate.

ASSURANCE 10

The accompanying financial statements include a supplementary schedule of all revenues, expenses and capitalized expenses made to, or on behalf of, the University's intercollegiate athletics program. This schedule is fairly stated in relation to the financial statements taken as a whole.

UNIVERSITY OF LOUISIANA MONROE FACILITIES, INC.

SCHEDULE OF REPRESENTATIONS

FOR THE YEAR ENDED JUNE 30, 2023

ATTACHMENT A

	<u>Term Expiration</u>
Mr. Dan Robertson Director-President Owner-Robertson Produce Monroe, Louisiana	May 3, 2026
Mr. L.J. Holland Director-Vice President Executive Vice President-BanCorp South Monroe, Louisiana	At Discretion of Board
Mr. Wynn Lawrence Director-Secretary/Treasurer Financial Advisor-New York Life Monroe, Louisiana	April 28, 2024
Vacant Director Monroe, Louisiana	
Mr. Chris Ringo Director Facility Maintenance Manager C-ULM Monroe, Louisiana	August 11, 2023
Mr. Todd Little Director CPA/Owner, Little & Associates Monroe, Louisiana	January 26, 2025
Dr. William T. Graves Director Vice President for Business Affairs-ULM Monroe, Louisiana	September 22, 2027
Ms. Kristi Davis Executive Director-ULMFI Assistant Vice President of Budget & Administration-ULM Monroe, Louisiana	
Mr. Charles Herold Legal Counsel	