UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Financial Statements and Schedules

December 31, 2022

Postlethwaite & Netterville

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P&N
Postlethwaite & Netterville

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the University of New Orleans Research and Technology Foundation, Inc., (a nonprofit organization) (the Foundation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, statements of functional expense, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of New Orleans Research and Technology Foundation, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University of New Orleans Research and Technology Foundation, 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 the Foundation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and related notes presented on pages 33-34, required by Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards and related notes on pages 33-34 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 May 19, 2023, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
May 19, 2023

UNIVERSITY OF NEW ORLEANS

RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Statements of Financial Position

As of December 31, 2022 and 2021

		2022		2021
Current assets:				
Cash and cash equivalents (Note 1 and 15)	$	1,945,536	$	5,850,610
Receivables (Note 1, 4 and 12)		1,306,179		840,485
Financing lease receivable (Note 1 and 14)		1,560,000		1,330,000
Investments (Note 1, 3 and 7)		13,767,298		12,507,891
Other current assets		353,161		282,243
Total current assets		18,932,174		20,811,229
Non-current assets:				
Financing lease receivable (Note 1 and 14)		28,260,000		28,555,000
Property and equipment, net		36,264,330		38,489,969
Other non-current assets		106,945		154,662
Total non-current assets		64,631,275		67,199,631
Total assets	$	83,563,449	$	88,010,860
Current liabilities:				
Accounts payable and accrued liabilities	$	475,481	$	471,691
Due to affiliates (Note 12)		7,254		22,314
Prepaid rent		698,312		852,530
Amounts held in custody for others (Note 1)		89,318		102,008
Amounts held in custody for affiliates (Note 1 and 12)		3,081		45,656
Interest payable		348,808		454,804
Notes payable (Note 8)		501,591		486,844
Bonds payable, net (Note 1 and 9)		1,529,296		1,494,591
Other current liabilities		14,250		13,992
Total current liabilities		3,667,391		3,944,430
Non-current liabilities:				
Notes payable (Note 8)		1,215,718		1,717,317
Prepaid rent, net of current portion		299,772		797,206
Bonds payable, net (Note 1 and 9)		27,901,787		28,973,512
Total non-current liabilities		29,417,277		31,488,035
Total liabilities		33,084,668		35,432,465
Net assets:				
Without donor restrictions (Note 1)		50,359,306		52,456,310
With donor restrictions (Note 1)		119,475		122,085
Total net assets		50,478,781		52,578,395
Total liabilities and net assets	$	83,563,449	$	88,010,860

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF NEW ORLEANS

RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2022 and 2021

Changes in net assets without donor restrictions:	2022	2021
Revenues and support:		
Federal grants and contracts	$ 907,411	$ 533,197
Non-federal grants and contracts	9,406	455,000
International programs	461,499	-
Property operations	6,923,703	6,895,629
Amortized tenant improvements	501,693	505,953
Student housing	1,241,482	1,389,942
Technology transfer	20,041	95,237
Investment earnings, net of investment expenses of $36,205 and $22,894, respectively	(2,029,400)	(94,102)
Gain from bond refinancing	868,942	-
Gain from loan forgiveness	-	266,913
Other revenues	4,398	26
Total revenues and other support without donor restrictions before net assets released from restriction	8,909,175	10,047,795
Net assets released from restrictions:		
Net assets released from restriction	2,610	2,609
Total revenues and other support without donor restrictions	8,911,785	10,050,404
Expenses:		
Program services:		
Property operations	$ 6,724,688	$ 6,985,608
Student housing (Note 12)	1,159,224	1,207,877
Federal grants and contracts	860,882	533,734
International programs	439,523	-
Other University support	867,889	552,768
Technology transfers (Note 12)	14,285	70,281
Total program expenses	10,066,491	9,350,268
Supporting services:		
General and administrative expenses	928,542	1,124,540
Loss on asset disposal	13,756	-
Total expenses	11,008,789	10,474,808
Increase/(decrease) in net assets without donor restrictions	(2,097,004)	(424,404)
Changes in net assets with donor restrictions:		
Net assets released from restrictions	(2,610)	(2,609)
Decrease in net assets with donor restrictions	(2,610)	(2,609)
Change in net assets	(2,099,614)	(427,013)
Net assets, at beginning of year	52,578,395	53,005,408
Net assets, at end of year	$ 50,478,781	$ 52,578,395

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF NEW ORLEANS

RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Statements of Functional Expenses

For the years ended December 31, 2022 and 2021

2022

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

2021

	Program expenses	General and administrative expenses	Total
Donations to university/affiliates	$ 64,085	$ 21,928	$ 86,013
Employee compensation	334,743	788,410	1,123,153
Fees for services	3,036,958	128,596	3,165,554
Advertising and promotion	-	30,415	30,415
Office expenses	56,831	80,389	137,220
Information technology	-	65,872	65,872
Royalties	65,321	-	65,321
Occupancy	1,773,841	-	1,773,841
Travel	5,700	2,523	8,223
Conferences, conventions, and meetings	15,682	6,407	22,089
Interest	1,244,360	-	1,244,360
Insurance	9,837	-	9,837
Depreciation and amortization	2,661,381	-	2,661,381
Property operation/maintenance supplies	38,401	-	38,401
Other	43,128	-	43,128
Total expenses	$ 9,350,268	$ 1,124,540	$ 10,474,808

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF NEW ORLEANS

RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

		2022		2021
Cash flows from operating activities:				
Change in net assets	$	(2,099,614)	$	(427,013)
Adjustments to reconcile change in net assets to cash flows from operating activities:				
Amortization of cost of bond issuance and bond insurance		38,323		37,451
Amortization of bond premium		(140,685)		(228,516)
Amortization of tenant improvements		(501,693)		(505,953)
Amortization of initial direct costs		84,129		92,137
Depreciation expense		2,536,078		2,541,615
Realized loss on investments		461,017		-
Unrealized loss on investments		1,910,598		145,915
Loss from asset disposal		13,756		-
Gain from bond refinancing		(868,942)		
Gain from loan forgiveness		-		(266,913)
Changes in assets and liabilities:				
Receivables		(465,694)		204,619
Other current assets		(83,154)		(117,565)
Other non-current assets		(24,176)		77,331
Other current liabilities		258		(1,511)
Payables and accrued liabilities		3,790		(164,619)
Due to affiliates		(15,060)		(123,290)
Prepaid rent		(149,959)		(10,980)
Amounts held in custody for others and affiliates		(55,265)		(49,328)
Interest payable		(105,996)		(23,507)
Net cash provided by operating activities		537,711		1,179,873
Cash flows from investing activities:				
Purchases of investments		(23,445,570)		(1,574,706)
Sales of investments		19,813,832		1,807,135
Receipts on capital leases		65,000		1,220,000
Purchases of fixed assets		(324,195)		(17,288)
Net cash (used in) provided by investing activities		(3,890,933)		1,435,141
Cash flows from financing activities:				
Principal payments on notes payable		(486,852)		(472,696)
Principal payments and refunding of bonds payable		(29,885,000)		(1,220,000)
Proceeds from series 2022 issuance		29,820,000		-
Net cash used in financing activities		(551,852)		(1,692,696)
Change in cash and cash equivalents		(3,905,074)		922,318
Cash and cash equivalents at beginning of year		5,850,610		4,928,292
Cash and cash equivalents at end of year	$	1,945,536	$	5,850,610
SUPPLEMENTAL NON-CASH FLOW DISCLOSURE:				
Cash paid during the year for interest	$	1,418,735	$	1,493,890

The accompanying notes are an integral part of these financial statements

(1) Summary of Significant Accounting Policies

(a) History and Organization

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

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

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

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

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

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

6) To increase employment opportunities in Louisiana;

7) To promote research and development in Louisiana;

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

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

10) To maximize research capabilities in Louisiana;

(1) Summary of Significant Accounting Policies (continued)

(a) History and Organization (continued)

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

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

Significant sources of revenue to the Foundation include grants, contracts, tenant rents, and property operations revenues and support to carry out these objectives. The Foundation did not receive any state or local governmental funds to support its operations or its programs during the years ended December 31, 2022 and 2021.

(b) Basis of Presentation

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

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

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

(1) Summary of Significant Accounting Policies (continued)

(b) Basis of Presentation (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities and Changes in Net Assets. Net assets with donor restrictions consist of a private donation made in 2012 of property to house an urban art gallery with a net book value of $119,475 and $122,085 as of December 31, 2022 and 2021, respectively.

(c) Cash and Cash Equivalents

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

(d) Amounts Held in Custody For Others and Affiliates

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

(e) Receivables

Accounts receivable and financing receivables are considered delinquent after a period of nonpayment of 90 days. Although credit risks associated with tenants for accounts receivable or lessees for financing receivables are considered minimal, a review is routinely made of accounts receivable balances, and provisions for doubtful accounts are made. In circumstances where management is aware of a specific inability to meet their financial obligations (e.g., bankruptcy filings), a specific reserve is recorded to reduce the receivable to the amount expected to be collected. For all others, an allowance for bad debts is established by management based on historical trends. Receivables are written off when management deems collectability is doubtful. Bad debt expense, if any, and any related recoveries are included in the Statements of Activities and Changes in Net Assets. Management considers the receivable balances to be fully collectible, and as a result, an allowance for bad debt is not recorded at December 31, 2022 and 2021.

(f) Investments

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

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

(1) Summary of Significant Accounting Policies (continued)

(g) Property and Equipment

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

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

(h) Impairment of Long-Lived Assets

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

(i) Bond Issuance Costs and Prepaid Bond Insurance

Bond issuance costs and prepaid bond insurance incurred in the relationship to the bond indebtedness have been capitalized and are amortized over the life of the bond liability which is thirty years. The Foundation presents debt issuance costs as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts. Bond issuance costs amortization was $30,956 and $27,629 for fiscal years 2022 and 2021 respectively. Amortization of prepaid bond insurance was $7,367 and $9,822 for fiscal years 2022 and 2021 respectively. See note 9.

(j) Revenue Recognition

A portion of the Foundation's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. As of December 31, 2022 and 2021, the Foundation has no refundable advances and contracts.

(1) Summary of Significant Accounting Policies (continued)

(j) Revenue Recognition (continued)

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

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

(k) Functional Allocation of Expenses

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

(l) Income Taxes

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

(m) Use of Estimates

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

(1) Summary of Significant Accounting Policies (continued)

(n) Leases

The Foundation adopted Accounting Standard Update (ASU) No. 2016-02, *Leases* during the fiscal year ended December 31, 2020. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statement of financial position as well as additional disclosures.

The Foundation has elected the practical expedient to not separate non-lease components from associated lease components for office space leases. These are leases of office space which may include non-lease expenses such as utility services, janitorial services, or other related costs.

(2) Asset Liquidity

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

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

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

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

(2) Asset Liquidity (continued)

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

	2022	2021
Total assets	$ 83,563,449	$ 88,010,860
Less: non-current and non-financial assets		
Non-current financing lease receivable	28,260,000	28,555,000
Property and equipment	36,264,330	38,489,969
Other current assets	353,161	282,243
Other non-current assets	106,945	154,662
Total financial assets at December 31	18,579,013	20,528,986
Less: financial asset designations:		
Board designated building maintenance reserve balances	8,510,361	11,156,837
Board designated resources for capital improvements	685,523	730,244
Other programmatic designations	149,637	447,981
Financial assets available for general expenditures over the next 12 months	$ 9,233,492	$ 8,193,924
Total current liabilities	$ 3,667,391	$ 3,944,430
Less: non-financial liabilities:		
Amortized prepaid rent	497,434	501,693
Amortized bonds payable	(30,704)	164,591
Total financial liabilities at year end	$ 3,200,661	$ 3,278,146
Financial assets available for general expenditures over the next 12 months	$ 9,233,492	$ 8,193,924
Less: financial liabilities at year end	3,200,661	3,278,146
Net financial assets available for general expenditures over the next 12 months	$ 6,032,831	$ 4,915,778

(3) Investments

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

Investments consist of the following at December 31:

	2022	2021
Federated treasury obligations	$ 1,106	$ 7
Certificates of deposit	-	250,195
Mutual funds	13,766,192	2,908,053
Bond mutual funds at NAV	-	9,349,636
Total	$ 13,767,298	$12,507,891

(4) Receivables

Receivables consist of the following at December 31:

	2022	2021
Accounts/tenants receivable	$ 571,437	$ 147,933
Grants receivable	301,775	82,763
Due from affiliates	430,219	607,762
Other receivable	2,748	2,027
Total	$ 1,306,179	$ 840,485

Due from affiliates represents amounts due from the University.

There is no allowance recorded on the receivables above as of December 31, 2022 and 2021.

(5) Property and Equipment

Property and equipment consist of the following at December 31:

		2022		2021
Subject to Operating Leases				
Land improvements	$	258,573	$	258,573
Building - Avondale		12,754,737		12,754,737
ITC buildings and parking garage		62,274,752		62,321,065
Building - ATC		9,240,739		9,203,968
Building - Shea Penland CERF		894,842		894,842
St. Claude Gallery		145,500		145,500
Construction in Progress		277,687		-
Not Subject to Operating Leases				
Office furniture and equipment		57,543		57,543
Artwork		7,000		7,000
Total fixed assets		85,911,373		85,643,228
Accumulated depreciation		(49,647,043)		(47,153,259)
Net fixed assets	$	36,264,330	$	38,489,969

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

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

Future rent from all lease agreements is as follows:		
2023	$	4,632,943
2024		3,687,575
2025		2,148,219
2026		1,819,311
2027		1,763,308
2028-2032		3,632,099
2033-2037		500,000
2038-2042		500,000
2043-2047		437,500
	$	19,120,955

(6) Lease Agreements and Cooperative Endeavor Agreements

University of New Orleans/Avondale Maritime Technology Center of Excellence

Obligations

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

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

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

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

National Center for Advanced Manufacturing/MAF Research Administration Building

General

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

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

Obligations

As of December 31, 2022 and 2021, the activities related to this project are placed on hold by the State of Louisiana.

(7) Fair Value of Financial Instruments

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

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

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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

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

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded or at the net asset value ("NAV") of shares held at year end as applicable.

Certificates of deposit: The fair value of certificates of deposits and term deposits is estimated using third-party quotations.

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

(7) Fair Value of Financial Instruments (continued)

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

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

The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2021. There have been no changes in the methodologies used at December 31, 2021.

	Level 1	Level 2	Level 3	Total
Federated treasury obligations	$ 7	$ -	$ -	$ 7
Certificates of deposit	-	250,195	-	250,195
Mutual funds	2,908,053	-	-	2,908,053
Subtotal	$ 2,908,060	$ 2,021,575	$ -	$ 3,158,255
High quality bond mutual fund at NAV				4,652,339
Multi strategy bond mutual fund at NAV				4,697,297
Total investments at fair value				$ 12,507,891

(7) Fair Value of Financial Instruments (continued)

The Foundation's investment in the high quality bond fund and the multi strategy bond fund, as of December 31, 2021, represents 1.13% and 2.22%, respectively, of all ownership interests in the fund. The high quality bond fund invests primarily in U.S. dollar-denominated investment grade bonds and other fixed income securities. The high quality bond fund may also invest up to 20% of its assets in securities rated below investment grade and certain derivatives, and may use currency hedging. The multi strategy bond funds invest directly or indirectly in U.S. dollar-denominated investment grade bonds and other fixed income securities. The high quality bond fund may also invest in global bonds, inflation indexed bonds, high yield bonds, emerging markets debt, and opportunistic fixed income strategies. The multi strategy bond fund also has investments in certain funds affiliated with the investment manager. Fair values of the investments in these classes have been estimated using the net asset value per share of the investments.

The following table summarizes investments measured at fair value based on net asset value (NAV) per share as of December 31, 2021.

Instrument	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
High quality bond mutual fund	$4,652,339	Not applicable	Weekly	5 business days prior
Multi strategy bond mutual fund	$4,697,297	Not applicable	Monthly	5 business days prior to month end

(8) Notes Payable

Louisiana Public Facilities Authority Note Payable

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

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

This note has debt covenants which are required to be met by the Foundation, including submission of audited financial statements within 180 days of year end. As of December 31, 2022, management is not aware of any violations of their debt covenants.

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

(8) Notes Payable (continued)

Local Bank Note Payable

On April 19, 2001, the Foundation entered into a Loan Agreement with a local bank. The balance of the loan at December 31, 2022 is $1,476,225. The loan was amended in 2011 with an interest rate of 6.5% to mature on April 12, 2016, and again amended in 2016 with an interest rate of 4.5% to mature on April 12, 2021, and again amended in 2020 with an interest rate of 4.1% to mature on October 19, 2026. Monthly payments of principal and interest total $34,774.

This note has debt covenants which are required to be met by the Foundation, including submission of audited financial statements by May 31st following each year end, a debt service coverage ratio of 1.25 to 1, the outstanding principal not to exceed 75% of the fair market value, as appraised of the related property, as well as other negative covenants. As of December 31, 2022, management is not aware of any violations of their debt covenants.

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

Small Business Administration Note Payable

In April 2020, the Foundation received a loan through the Paycheck Protection Program (PPP) of the Small Business Administration (SBA) in the amount of $266,913. Created in response to the COVID-19 pandemic, PPP loans may be forgiven if spent according to certain guidelines. Forgiveness of this loan was requested and received from the SBA in 2021.

Future Payments

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

	2022	2021
Louisiana Public Facilities Authority	$ 241,084	$ 379,882
Local bank	1,476,225	1,824,279
Total notes payable	1,717,309	2,204,161
Less: current portion	(501,591)	(486,844)
Total non-current notes payable	$ 1,215,718	$ 1,717,317

The notes are required to be repaid as follows as of December 31, 2022:

2023	$ 501,591
2024	480,326
2025	394,183
2026	341,209
	$ 1,717,309

(9) Bonds Payable

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

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

Series 2014 were issued at a premium, which totaled $2,974,068 on the date of issuance of the Series 2014 Bonds. The premium is being amortized over the life of the Series 2014. The total amount of premium relating to the Series 2014 amortized during year ended December 31, 2022 and December 31, 2021 was $140,685 and $228,516 respectively.

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

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

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

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

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

(9) Bonds Payable (continued)

Bonds payable consists of the following as of December 31:

	2022	2021
Bonds payable	$ 29,820,000	$ 29,885,000
Bond premium	-	1,094,928
Less: prepaid bond insurance	-	(134,237)
Less: cost of bond issuance	(388,917)	(377,588)
Bonds payable, net	29,431,083	30,468,103
Less: current portion	(1,529,296)	(1,494,591)
Total non-current bonds payable	$ 27,901,787	$ 28,973,512

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

2023	$ 1,560,000
2024	1,645,000
2025	1,935,000
2026	2,040,000
2027	2,145,000
2028-2032	12,245,000
2033-2035	8,250,000
Total bonds payable	$ 29,820,000

(10) Ground Leases

University of New Orleans Ground Lease 1

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

At the expiration of the lease, the facilities and all furniture, fixtures, equipment, and furnishings permanently affixed to the facilities shall become the property of the University which is recorded in property and equipment in the Statements of Financial Position, with a remaining net book value of $4,763,108 and $5,091,138 as of December 31, 2022 and 2021, respectively.

(10) Ground Leases (continued)

University of New Orleans Ground Lease 2

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

At the expiration of the lease, the facilities and all furniture, fixtures, equipment, and furnishings permanently affixed to the facilities shall become the property of the University. The facilities and related fixtures, equipment, and furnishings are recorded in property and equipment in the Statements of Financial Position, with a remaining net book value of $30,594,853 and $32,737,101 as of December 31, 2022 and 2021, respectively.

Coastal Education and Research Facility Ground Lease

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

The CERF building is recorded in property and equipment in the Statements of Financial Position, with a remaining net book value of $502,207 and $532,644 as of December 31, 2022 and 2021, respectively.

(11) Other Lease Agreements

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

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

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

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

University of New Orleans Foundation

The Foundation received $455,000 for contracted administrative support to the University of New Orleans Foundation (UNOF) during 2021, the contract was not renewed for 2022.

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

The University received $21,928 in subsidies from the Foundation which was passed through the UNOF during 2021. At December 31, 2021, funds due from the UNOF totaled $0, and funds due to the UNOF totaled $4,176.

University of New Orleans

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

During the years ended December 31, 2022 and December 31, 2021, the Foundation incurred $2,364,096 and $2,051,048 respectively related to the aforementioned contract payments and property management services included on the Statement of Activities and Changes in Net Assets as detailed on the following page.

	2022	2021
Property Operations	$ 5,988	$ 239,684
Student Housing	1,159,224	1,207,877
International Programs	439,523	-
Technology Transfer	14,285	70,281
Donations to University	105,628	74,085
Other payments on behalf of University	639,448	459,121
	$ 2,364,096	$ 2,051,048

Additionally, during the years ended December 31, 2022 and 2021, the Foundation incurred $1,330,000 and $1,220,000, respectively, in principle payments on the Series 2014 bonds.

As of December 31, 2022 and 2021, the Foundation recorded reimbursements and accrued revenue related to these contracts, services, and principle payments from the University of $3,032,985 and $2,843,962 respectively. Amounts still owed to the Foundation as of December 31, 2022 and December 31, 2021 total $430,219 and $607,762 respectively. Payables to the University as of December 31, 2022 and December 31, 2021 are $6,465 and $18,138 respectively, as recorded in the Statements of Financial Position.

The Foundation paid to the University $42,575 and $58,955 during the years ended December 31, 2022 and December 31, 2021 related to the Memorandum of Understanding related to National Center for Advanced Manufacturing. The Foundation holds a remaining $3,081 and $45,656 as of December 31, 2022 and December 31, 2021, respectively, which is included in the Statements of Financial Position as amounts held in custody for affiliates.

(13) Financial Lease Receivable

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

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

Interest revenue received for 2022 and 2021 was $1,241,482 and $1,389,942 respectively. The total financing lease receivable is required to be repaid as follows for the next five years and five-year periods thereafter.

	Principle	Interest
2023	$ 1,560,000	$ 1,061,418
2024	1,645,000	1,025,838
2025	1,935,000	787,804
2026	2,040,000	730,528
2027	2,145,000	670,144
2028-2032	12,245,000	2,332,628
2033-2035	8,250,000	492,988
	$ 29,820,000	$ 7,101,348

(14) Concentrations of Risk and Contingencies

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

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

(15) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 19, 2023 and determined the following subsequent event requires disclosure. In 2023 the Foundation created a subsidiary organization called UNO Research and Technology Energy Holdings (RTFEH) to lease facilities from the University and sublease those facilities to a third party subject to an existing Cooperative Endeavor Agreement between the State of Louisiana and LA Energy Partners. On February 28, 2023, RTFEH executed a 25 year lease and sublease, receiving prepaid rent for the 25 year term which will be recognized over the lease term and shall be held for the benefit of UNO.

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

Postlethwaite & Netterville

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A Professional Accounting Corporation

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of University of New Orleans Research and Technology Foundation, Inc., (a nonprofit organization) (the Foundation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 19, 2023.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Postlethwaite & Netterville

Report on Compliance and Other Matters

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

Purpose of this Report

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

Postlethwaite & Netterville

Metairie, Louisiana
May 19, 2023

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the University of New Orleans Research and Technology Foundation, Inc's (the Foundation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended December 31, 2022. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal controls over compliance with the requirements of laws, statutes, regulations, contracts, and grants applicable to its federal programs.

Postlethwaite & Netterville

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Postlethwaite & Netterville

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
May 19, 2023

UNIVERSITY OF NEW ORLEANS

RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Schedule of Expenditures of Federal Awards

For the year ended December 31, 2022

Federal Grantor/Program Name	Assistance Listing	Pass-Through Entity's Number	Federal Expenditures	Passed through to Sub-recipients
Research and Development Cluster				
U.S. Environmental Protection Agency				
Direct Awards				
Lake Pontchartrain Basin Restoration Program (PRP)	66.125	N/A	$ 907,411	$ 812,047
Total U.S. Environmental Protection Agency			907,411	812,047
Total Research and Development Cluster			907,411	812,047
Total Expenditures of Federal Awards			$ 907,411	$ 812,047

See accompanying notes to schedule of expenditures of federal awards.

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Notes to Schedule of Expenditures of Federal Awards

December 31, 2022

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the University of New Orleans Research and Technology Foundation, Inc. (the Foundation) under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Foundation.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

The Foundation has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(3) Relationship to Federal Financial Reports

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports, except for the amounts in reports submitted as of a date subsequent to December 31, 2022.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

(1) Summary of the Independent Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Did the audit disclose any audit findings which the Independent Auditor is required to report under the Uniform Guidance?	No

Identification of major program:

Research and Development Cluster:
Lake Pontchartrain Basin Restoration Program - CFDA #66.125

The threshold for distinguishing types A & B programs was program expenditures exceeding $750,000.

The Foundation was not determined to be a low-risk auditee.

Schedule of Prior Year Findings and Questioned Costs

No findings were reported in the prior year. A single audit in accordance with Uniform Guidance was not required for the fiscal year ending December 31, 2021.