

Pennington Biomedical Research Foundation
Louisiana State University

Financial Statements
June 30, 2026

PENNINGTON BIOMEDICAL RESEARCH FOUNDATION

FINANCIAL STATEMENTS

JUNE 30, 2026

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pennington Biomedical Research Foundation
Baton Rouge, Louisiana

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Pennington Biomedical Research Foundation ("the Foundation"), which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2026 and 2025, and the consolidated changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
October 29, 2026

PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

ASSETS

	2026	2025
ASSETS		
Cash and cash equivalents	$ 312,245	$ 513,272
Accounts receivable	88,012	191,073
Unconditional promises to give, net	1,833,464	1,446,914
Charitable remainder trust receivable	187,255	-
Prepaid expenses	80,306	137,841
Office equipment (net of accumulated depreciation of $27,530 and $20,356, respectively)	35,139	20,158
Investments	28,343,236	25,591,164
Other assets	712,985	781,585
Annuity held by rabbi trust	674,737	655,084
Beneficial interest in split-interest agreements	143,949	305,844
Total assets	$ 32,411,328	$ 29,642,935

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	$ 219,761	$ 226,514
Accrued expenses and other liabilities	261,634	277,486
Retirement obligation	674,737	655,084
Funds held-in-custody	6,497,259	6,314,501
Total liabilities	7,653,391	7,473,585
NET ASSETS		
Without donor restrictions	1,980,987	2,359,986
With donor restrictions	22,776,950	19,809,364
Total net assets	24,757,937	22,169,350
Total liabilities and net assets	$ 32,411,328	$ 29,642,935

The accompanying notes are an integral part of these statements.

PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	$ 766,750	$ 2,035,220	$ 2,801,970
Investment income, net	234,080	2,853,383	3,087,463
Management fee income	247,936	-	247,936
Contributed services	-	2,289,614	2,289,614
Other revenues	642,641	229,057	871,698
Change in value of split interest agreements	-	72,765	72,765
	1,891,407	7,480,039	9,371,446
Net assets released from restrictions	4,512,453	(4,512,453)	-
	6,403,860	2,967,586	9,371,446
EXPENSES			
Program services	4,264,065	-	4,264,065
Management and general	1,485,391	-	1,485,391
Development	1,033,403	-	1,033,403
	6,782,859	-	6,782,859
CHANGE IN NET ASSETS	(378,999)	2,967,586	2,588,587
Net assets, beginning of period	2,359,986	19,809,364	22,169,350
NET ASSETS, END OF PERIOD	$ 1,980,987	$ 22,776,950	$ 24,757,937

The accompanying notes are an integral part of these statements.

PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	$ 851,067	$ 341,282	$ 1,192,349
Investment income, net	278,785	1,618,643	1,897,428
Management fee income	251,014	-	251,014
Contributed services	-	3,286,072	3,286,072
Other revenues	763,599	610,787	1,374,386
Change in value of split interest agreements	-	(13,027)	(13,027)
	2,144,465	5,843,757	7,988,222
Net assets released from restrictions	5,579,556	(5,579,556)	-
	7,724,021	264,201	7,988,222
EXPENSES			
Program services	5,811,207	-	5,811,207
Management and general	657,459	-	657,459
Development	1,140,212	-	1,140,212
	7,608,878	-	7,608,878
CHANGE IN NET ASSETS	115,143	264,201	379,344
Net assets, beginning of period	2,244,843	19,545,163	21,790,006
NET ASSETS, END OF PERIOD	$ 2,359,986	$ 19,809,364	$ 22,169,350

The accompanying notes are an integral part of these statements.

PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2026

	Program Services	Management and General	Development	Total
Bank charges	$ -	$ 4,951	$ 38	$ 4,989
Business development	77,939	174,780	117,069	369,788
Depreciation	-	7,175	-	7,175
Sponsorships and donations	755,000	1,290	-	756,290
Dues and subscriptions	5,672	4,647	1,127	11,446
Insurance	-	57,125	-	57,125
Management fees	228,340	-	-	228,340
Government relations	1,650	23,000	-	24,650
Meetings and symposiums	39,918	10,659	102	50,679
Miscellaneous	-	72,300	2,656	74,956
Payroll taxes and benefits	3,032	64,667	112,720	180,419
Postage	2,873	2,432	-	5,305
Printing	11,794	3,379	11,774	26,947
Professional fees	2,388,314	711,242	22,044	3,121,600
Operations and maintenance	116,631	107,821	14,389	238,841
Research supplies and equipment	258,314	-	-	258,314
Salaries	627,534	195,596	748,125	1,571,255
Supplies	3,676	11,386	-	15,062
Telephone	21,350	2,603	2,645	26,598
Training	-	714	-	714
Travel	66,426	29,624	714	96,764
Total disbursements	4,608,463	1,485,391	1,033,403	7,127,257
Less: disbursements related to state portion of chairs and professorships	(344,398)	-	-	(344,398)
Total expenses	$ 4,264,065	$ 1,485,391	$ 1,033,403	$ 6,782,859

The accompanying notes are an integral part of these statements.

PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services	Management and General	Development	Total
Bank charges	$ -	$ 6,141	$ -	$ 6,141
Business development	70,339	10,762	209,888	290,989
Depreciation	-	3,670	-	3,670
Sponsorships and donations	745,143	-	-	745,143
Dues and subscriptions	9,331	3,212	2,678	15,221
Insurance	-	76,125	-	76,125
Management fees	230,752	-	-	230,752
Government relations	-	5,000	-	5,000
Meetings and symposiums	97,398	2,354	3,129	102,881
Miscellaneous	5,758	91,958	3,760	101,476
Payroll taxes and benefits	54,412	40,255	101,044	195,711
Postage	405	4,216	385	5,006
Printing	5,661	3,497	11,895	21,053
Professional fees	3,729,375	210,679	14,422	3,954,476
Operations and maintenance	188,754	18,908	30,994	238,656
Research supplies and equipment	316,182	-	-	316,182
Salaries	627,013	174,396	753,676	1,555,085
Supplies	8,420	3,487	6,945	18,852
Telephone	1,423	-	-	1,423
Training	-	913	213	1,126
Travel	89,135	1,886	1,183	92,204
Total disbursements	6,179,501	657,459	1,140,212	7,977,172
Less: disbursements related to state portion of chairs and professorships	(368,294)	-	-	(368,294)
Total expenses	$ 5,811,207	$ 657,459	$ 1,140,212	$ 7,608,878

The accompanying notes are an integral part of these statements.

PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,588,587	$ 379,344
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Bad debt expense	-	8,000
Depreciation	7,175	3,670
Non-cash donations to others	-	78,337
Realized gain on sales of investments	(1,148,816)	(888,746)
Unrealized gain on investments	(1,652,122)	(733,098)
Unrealized gain on beneficial interest in split-interest agreements	(72,765)	(16,250)
Unrealized loss on other assets	68,600	-
Distributions received from beneficial interest in split-interest agreements	47,405	43,747
Changes in operating assets and liabilities:		
Accounts receivable	103,061	(63,621)
Unconditional promises to give, net	(386,550)	265,746
Prepaid expenses	57,535	(94,295)
Accounts payable	(6,753)	23,727
Accrued expenses and other liabilities	(15,852)	(475,266)
Net cash used in operating activities	(410,495)	(1,468,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(22,156)	(14,770)
Proceeds from sales of investments	5,997,440	9,814,175
Purchases of investments	(5,948,574)	(8,461,329)
Net cash provided by investing activities	26,710	1,338,076
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in funds held-in-custody	182,758	151,000
Net cash provided by financing activities	182,758	151,000
Net increase (decrease) in cash and cash equivalents	(201,027)	20,371
Cash and cash equivalents at beginning of period	513,272	492,901
Cash and cash equivalents at end of period	$ 312,245	$ 513,272

The accompanying notes are an integral part of these statements.

PENNINGTON BIOMEDICAL RESEARCH FOUNDATION
BATON ROUGE, LOUISIANA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1) Summary of significant accounting policies

The accounting and reporting policies of the Pennington Biomedical Research Foundation (the Foundation) conform to the accounting principles generally accepted in the United States of America (GAAP) and the prevailing practices within the not-for-profit industry. The significant accounting policies used by the Foundation in preparing and presenting its consolidated financial statements are summarized as follows:

Organization

The Pennington Biomedical Research Foundation is a non-profit charitable organization dedicated to providing the Pennington Biomedical Research Center (the Center) with financial support derived from individual, foundation, and corporate philanthropy. The Center's mission is to discover the triggers of chronic diseases through innovative research that improves human health across the lifespan. As such, the Center has made many significant contributions to disease prevention, health, and longevity with a particular focus on diabetes, cardiovascular disease, obesity, and dementia.

Consolidation

The consolidated financial statements include the accounts of the Pennington Biomedical Research Foundation and Pennington Discoveries, Inc., whose sole member is the Pennington Biomedical Research Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of accounting and presentation

The Foundation prepares its consolidated financial statements on the accrual basis of accounting in accordance with GAAP which requires the Foundation to report financial 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 Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

Net assets with donor restrictions - net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Use of estimates

The preparation of financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

1) Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include operating funds on deposit at various financial institutions. The Foundation considers all highly liquid investments with maturities of three months or less at the date of acquisition to be cash equivalents.

Accounts receivable

The Foundation maintains an allowance for expected credit losses based on management's assessment of collectability considering current economic conditions, reasonable and supportable forecasts, and prior experience.

The Foundation determines if receivables are past-due based on the contractual terms of the agreement and typically does not accrue interest on past-due accounts. The Foundation charges off receivables if management considers the collection of the outstanding balance to be doubtful. Management considers all receivables to be collectible as of June 30, 2026 and 2025; therefore, no allowance for expected credit losses was established.

Promises to give

Unconditional promises to give are recognized as revenue in the period the promise is received. Promises to give are recorded at their realizable value if they are expected to be collected in one year or at fair value if they are expected to be collected in more than one year. Based on management's assessment of collectability, an allowance for doubtful accounts was not deemed necessary at either June 30, 2026 or 2025.

Office equipment

Office equipment is stated at historical cost. Additions, renewals, and betterments that extend the lives or increase the values of assets are capitalized. Maintenance and repair expenditures are expensed as incurred. Provisions for depreciation are computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 7 years.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value based on quoted market prices. For those investments where quoted market prices are unavailable, management estimates fair value based on information provided by the fund managers or the general partners. Dividend, interest, and other investment income (loss) are recorded as increases (decreases) in net assets with or without donor restrictions depending on donor stipulations.

Donated investments are recorded at their fair value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost bases of the securities sold, using the specific identification method. Realized gains and losses are recognized in the Foundation's current operations.

1) Summary of significant accounting policies (continued)

Split-interest agreements

Irrevocable split-interest agreements are recorded as revenue when the trust agreements are executed. Revenue from the split-interest agreements is based on the present value of the expected cash flows to be received by the Foundation over the term of the agreements. Changes in the values of the split interest agreements are recorded in the consolidated statements of activities and changes in net assets and classified as with or without donor restrictions depending on the classification used when the contribution was originally recorded.

Refundable advances

The Foundation has received grant proceeds that are deemed revocable until spent. As of June 30, 2026 and 2025, the Foundation had outstanding refundable advances of $192,746 and $216,302, respectively. These amounts are classified as accrued expenses and other liabilities in the consolidated statements of financial position.

Funds held in custody

The Foundation considers all state matching funds and unexpended income from these funds to be funds held in custody. All funds held in custody are recorded in the consolidated statements of financial position at their fair values.

Revenue recognition

Contributions and grants received are recorded as with or without donor restrictions, depending on the existence or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Contributed services

The Foundation may receive services, equipment, and material without payment or compensation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. During the years ended June 30, 2026 and 2025, the Foundation recorded contributed services revenue of $2,289,614 and $3,286,072, respectively, for advertising services (public service announcement distribution) donated to the Foundation.

1) Summary of significant accounting policies (continued)

Income taxes

The Foundation has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code.

The Foundation accounts for income taxes in accordance with the guidance included in the Accounting Standards Codification (ASC). The Foundation recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs.

The Foundation has evaluated its position regarding the accounting for uncertain income tax positions and does not believe that it has any material uncertain tax positions as of June 30, 2026 or 2025.

Statements of functional expenses

The costs of providing for the various programs and other activities of the Foundation have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and the consolidated statements of functional expenses. Expenses have been allocated between functions on several bases and estimates, including time and effort and specific identification. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts. Expenses that are allocated based on time and effort include salaries and payroll taxes and benefits.

Concentrations of credit risk

The Foundation’s investments are secured by the Securities Investor Protection Corporation (SIPC). Any investment balances over the SIPC coverage are insured by private insurance of the investment custodian. SIPC and private insurance do not insure the quality of investments or protect against losses from fluctuating market values.

2) Liquidity and availability

The Foundation regularly monitors and manages liquidity required to meet its operating needs and commitments to the Pennington Biomedical Research Center. Nearly all of the Foundation's non-endowed investments are invested in money market funds and marketable securities with immediate liquidity. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing mission, as well as the conduct of services undertaken to support those activities, to be general expenditures. As of June 30, 2026 and 2025, the Foundation's financial assets available to meet cash needs for general expenditures within one year totaled $1,334,625 and $1,508,366, respectively. The Foundation's budgeted operating expenditures for fiscal year ending June 30, 2027, total approximately $1.9 million.

The Board of Directors has the ultimate authority and responsibility to designate the use of net assets without donor restrictions to, or for the support of, the Pennington Biomedical Research Center. Such uses include support for projects, programs, activities, and initiatives that enable the Foundation to fulfill its mission. Prior to making these designations, the Board considers the short-term and long-term operating needs of the Foundation. Likewise, the Board has the authority to un-designate prior net asset designations for the operating needs of the Foundation. Designated net assets without donor restrictions are invested in cash and cash equivalents and marketable debt securities.

As of June 30, 2026 and 2025, the following financial assets could readily be made available within one year of the consolidated statements of financial position to meet the general expenditures of the Foundation:

	2026	2025
Cash and cash equivalents	$ 312,245	$ 513,272
Accounts receivable	88,012	191,073
Unconditional promises to give, net	1,833,464	1,446,914
Charitable remainder trust receivable	187,255	-
Investments	28,343,236	25,591,164
	30,764,212	27,742,423
Less assets unavailable for general expenditures:		
Funds held-in-custody	(6,497,259)	(6,314,501)
Net assets restricted by donors	(22,776,950)	(19,809,364)
Board designated net assets	(155,378)	(110,192)
Financial assets available to meet needs for general expenditures within one year	$ 1,334,625	$ 1,508,366

3) Unconditional promises to give

Unconditional promises to give consisted of the following as of June 30:

	2026	2025
Promises to give expected to be collected in:		
Less than one year	$ 41,500	$ 382,500
One to five years	1,175,000	445,000
Six to ten years	948,044	951,533
	2,164,544	1,779,033
Less: discount on promises to give	(331,080)	(332,119)
Net unconditional promises to give	$ 1,833,464	$ 1,446,914

The rates used in discounting unconditional promises to give were 4.44% and 4.24% as of June 30, 2026 and 2025, respectively.

4) Split-Interest agreements

The Foundation is the irrevocable beneficiary of two split-interest agreements, related to a charitable lead trust and a charitable remainder trust, under various terms and conditions. The funds are held and administered by unrelated third party trustees. The Foundation's interests in the funds held by the trustees are recorded at fair value in the consolidated statements of financial position as beneficial interest in split-interest agreements.

For the charitable lead trust, the discount rate used in the present value calculation for future payments is the prevailing rate of interest for similar types of high quality, fixed income investments. The discount rates used for 2026 and 2025 were 5.00% and 4.74%, respectively, and the remaining term of the agreement was approximately 3 years as of June 30, 2026.

The charitable remainder trust provided that the donor was the sole income beneficiary for life, with the Foundation entitled to receive the principal amount of the trust upon the donor's death. The donor died during the year ended June 30, 2026, causing the trust to terminate and the Foundation's right to the trust assets to become unconditional. Accordingly, the Foundation reclassified the beneficial interest in the charitable remainder trust to a receivable. The amount receivable from the trust was $187,255 as of June 30, 2026. The Foundation expects receipt within the next fiscal year. As of June 30, 2025, the charitable remainder trust was included in beneficial interest in split-interest agreements at a fair value of $123,530. The discount rate used for 2025 was 4.24%.

Adjustments recognized in the consolidated statements of activities and changes in net assets for these split-interest agreements were gains of $72,765 and losses of $13,027 for the years ended June 30, 2026 and 2025, respectively. As of June 30, 2026 and 2025, the fair value of the beneficial interest was $143,949 and $305,844, respectively. For the years ended June 30, 2026 and 2025, the Foundation received distributions from the charitable lead trust of $47,405 and $43,747, respectively.

As of June 30, 2026, trust distributions are expected to be received as follows:

Less than one year	$ 48,115
Two to five years	94,448
	142,563
Add: discount accretion	1,386
Beneficial interest in split-interest agreements	$ 143,949

5) Investments

Investments in debt and equity securities with readily determinable fair values are stated at their estimated fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for further discussion of fair value measurements.

The asset allocation of the Foundation's portfolio involves exposure to a diverse set of markets. The investments within these markets involve various risks such as interest rate risk, market risk, and credit risk. The Foundation understands that the value of its investments may, from time to time, fluctuate substantially as a result of these risks. Volatility in the financial markets may significantly impact the subsequent valuation of the Foundation's investments. Accordingly, the valuation of investments at June 30, 2026 and 2025, may not necessarily be indicative of amounts that could be realized in a current market exchange.

The investments of the Endowed Professorship Programs and the Endowed Chairs for Eminent Scholars Programs are maintained and managed in brokerage accounts in compliance with the Board of Regent's investment policy.

Investments are stated at fair value and consisted of the following as of June 30:

	2026	2025
Equities	$ 15,275,121	$ 12,992,918
Domestic fixed income securities	9,465,922	8,279,970
Hedge fund of funds and private equity	1,520,681	2,081,422
Hard assets	267,649	224,039
Money market	1,838,090	2,012,815
	$ 28,343,236	$ 25,591,164

Investment earnings are classified as with or without donor restrictions based on donor restrictions for certain permanently endowed funds and policies approved by the Board of Directors for certain non-endowed funds. The Foundation allocates investment activity to the pooled endowed investments based on the average daily balance of each endowed project. A spending allocation approved by the Board of Directors is made each year to the funds.

Investment income, net were comprised of the following for the years ended June 30:

	2026	2025
Dividends and interest, net	$ 832,749	$ 791,400
Realized gains on sales of investments	1,148,816	888,746
Unrealized gains on investments	1,241,461	239,616
	3,223,026	1,919,762
Less: external investment fees	(135,563)	(22,334)
	$ 3,087,463	$ 1,897,428

6) Fair value of financial instruments

In accordance with the *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) ASC, disclosure of fair value information about financial instruments is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments; therefore, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Foundation.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

Fair Value Hierarchy

The *Fair Value Measurements and Disclosures* topic of the FASB ASC provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the framework are described as follows:

- 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 at the measurement date.

- 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; and 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 which is determined using model-based techniques such as option pricing models, discounted cash flow models, and similar techniques.

6) Fair value of financial instruments (continued)

The asset 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 Foundation's investments in securities with readily determinable fair values are recorded at fair value based on quoted market prices. For those investments where quoted prices are unavailable, management estimates fair value based on quoted prices for similar instruments with consideration of actively quoted interest rates, credit ratings and spreads, prepayment models, and collateral data. The Foundation utilizes externally managed fund of funds for private equity, venture capital, and hedge funds, and with these types of investments, quoted prices are often unavailable, and pricing inputs are generally unobservable. The Foundation relies on the valuation procedures and methodologies of the external managers hired specifically to invest in such securities or in strategies which employ such securities. In circumstances in which net asset value per share of an investment is determinative of fair value, the manager is permitted, as a practical expedient, to estimate the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment, if the net asset value per share of the investment is determined in accordance with the specialized accounting guidance for Investment Companies as of the reporting entity's measurement date. The application of those valuation procedures and methodologies are borne out in each manager's compliant annual audited financial statements and were monitored through the Foundation's reporting period ended June 30, 2026.

Level 3 Valuation Techniques

Although direct valuation techniques and methodologies for Level 3 assets are not completed internally, Foundation staff and the Foundation's investment advisor conduct ongoing monitoring and review of managers to ensure that reporting and valuation techniques are in accordance with industry standards and best practices. The investment advisor seeks to identify managers with experienced personnel and sound investment philosophy. Managers must demonstrate strength in key tenets such as conviction, consistency, pragmatism, investment culture, risk control, and active return. Capital statements, audit reports, current and past performance, and pertinent news regarding changes in management are scrutinized as an internal part of the due diligence process prior to hiring a manager. In addition, Service Organization Control Reports for fund administrator internal controls are obtained and reviewed. These reports are prepared by external independent firms and provide assurance concerning the suitability of the design and operating effectiveness of the administrators' controls and control objectives. These same elements are monitored on an on-going basis, as a matter of regular business practice, following the hiring of a manager. Level 3 asset types for which this due diligence process and focused monitoring are applied internally consist of investments in private equity.

The valuation process conducted internally for Level 3 assets categorized as beneficial interest in split-interest agreements primarily entails a calculation of the present value of proceeds expected to be received in accordance with the terms of the agreement. Each agreement is reviewed by management to determine the amount of any contractual and/or estimated payments to income beneficiaries using available actuarial data. The Foundation uses the Moody's AA Index for corporate bonds to calculate net present value. This rate is commonly used when determining actuarial liabilities for other types of plans and investments.

6) Fair value of financial instruments (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2026:

	Level 1	Level 2	Level 3	Total
Money market	$ 1,821,023	$ -	$ -	$ 1,821,023
Mutual funds:				
Large cap equity - growth	776,560	-	-	776,560
Large cap equity - blend	6,806,110	-	-	6,806,110
Large cap equity - value	968,275	-	-	968,275
Mid cap equity - blend	90,852	-	-	90,852
Small cap equity - growth	23,390	-	-	23,390
Small cap equity - blend	680,156	-	-	680,156
Dev Int'l large cap – growth	2,190,773	-	-	2,190,773
Dev Int'l small cap - growth	22,655	-	-	22,655
Dev Int'l mid cap - blend	1,449,298	-	-	1,449,298
Dev Int'l small cap - blend	135,387	-	-	135,387
Emerging markets equity - blend	1,575,534	-	-	1,575,534
Real estate	578,787	-	-	578,787
Fixed income by credit quality rating:				
AAA	313,353	-	-	313,353
AA	6,784,805	-	-	6,784,805
A	1,744,645	-	-	1,744,645
BBB	12,703	-	-	12,703
BB	269.652	-	-	269,652
B	340,764	-	-	340,764
Hard assets	250,540	-	-	250,540
Private equity	-	-	839,418	839,418
	26,835,262	-	839,418	27,674,680
Beneficial interest in split-interest agreements	-	-	143,949	143,949
	$ 26,835,262	$ -	$ 983,367	$ 27,818,629
Hedge funds measured at net asset value *(a)*				668,556
Total				28,487,185

(a) - In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

6) Fair value of financial instruments (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2025:

	Level 1	Level 2	Level 3	Total
Money market	$ 2,012,815	$ -	$ -	$ 2,012,815
Mutual funds:				
Large cap equity - growth	838,798	-	-	838,798
Large cap equity - blend	5,886,585	-	-	5,886,585
Large cap equity - value	932,342	-	-	932,342
Mid cap equity - blend	142,333	-	-	142,333
Mid cap equity - value	34,530	-	-	34,530
Small cap equity - growth	19,022	-	-	19,022
Small cap equity - blend	472,898	-	-	472,898
Dev Int'l large cap – growth	1,692,647	-	-	1,692,647
Dev Int'l mid cap - growth	20,140	-	-	20,140
Dev Int'l mid cap - blend	1,125,629	-	-	1,125,629
Dev Int'l small cap - growth	149,394	-	-	149,394
Emerging markets equity - blend	1,202,401	-	-	1,202,401
Real estate	476,199	-	-	476,199
Fixed income by credit quality rating:				
AAA	304,388	-	-	304,388
AA	7,491,258	-	-	7,491,258
A	447,797	-	-	447,797
BBB	36,527	-	-	36,527
Hard assets	224,039	-	-	224,039
Private equity	-	-	948,241	948,241
	23,509,742	-	948,241	24,457,983
Beneficial interest in split-interest agreements	-	-	305,844	305,844
	$ 23,509,742	$ -	$ 1,254,085	24,763,827
Hedge funds measured at net asset value *(a)*				1,133,181
				25,897,008

(a) - In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

6) Fair value of financial instruments (continued)

The following table presents the changes in fair value of Level 3 instruments that are measured at fair value on a recurring basis for the years ended June 30, 2026 and 2025:

	Private Equity	Split-interest Agreements	Total
Balance - June 30, 2024	1,141,560	333,341	1,474,901
Purchases	-	-	-
Sales	(250,000)	(43,747)	(293,747)
Unrealized gains	63,411	16,250	79,661
Realized losses	(6,730)	-	(6,730)
Balance - June 30, 2025	$ 948,241	$ 305,844	$ 1,254,085
Purchases	-	-	-
Sales	(117,500)	(47,405)	(164,905)
Unrealized gains (losses)	(71,862)	72,765	903
Realized gains	80,539	-	80,539
Transfers	-	(187,255)	(187,255)
Balance - June 30, 2026	$ 839,418	$ 143,949	$ 983,367

Realized and unrealized gains and/or losses are included in investment income in the consolidated statements of activities and changes in net assets.

7) Funds held in custody and net assets to be maintained in perpetuity

Included in investments as of June 30, 2026 and 2025, were funds held-in-custody with the Foundation's investment custodian, which represent the fair value of the matching funds received from the State of Louisiana and earnings allocations available for expenditure. Investments also include private donations which are restricted by donors to be held in perpetuity.

The Endowed Chairs for Eminent Scholars Program requires a $600,000 private donation and a matching $400,000 gift from the State of Louisiana, making a total endowment of $1,000,000 per program. The Eminent Scholars Program requires a $60,000 private donation and a $40,000 matching gift from the State of Louisiana, making a total endowment of $100,000. Total funds held in custody were as follows as of June 30:

	2026	2025
State Matching Funds	$ 6,454,659	$ 6,255,434
Other	42,600	59,067
	$ 6,497,259	$ 6,314,501

8) Net assets

Net assets with purpose and / or time restrictions consisted of the following as of June 30:

	2026	2025
Endowed Chairs and Professorships	$ 6,929,597	$ 5,016,199
Specific Research Projects	4,780,348	3,947,816
Faculty Research Support	1,215,367	1,106,152
	$ 12,925,312	$ 10,070,167

Net assets restricted in perpetuity consisted of the following as of June 30:

	2026	2025
Private donations	$ 8,906,681	$ 8,676,922
Beneficial interest in split interest agreements	944,957	1,062,275
	$ 9,851,638	$ 9,739,197

Net assets released from donor restrictions for incurring program related expenses satisfying the restricted purposes for the years ended June 30, 2026 and 2025, were as follows:

	2026	2025
Endowed Chairs and Professorships	$ 701,427	$ 647,310
Specific Research Projects	3,732,989	4,860,289
Faculty Research Support	78,037	71,957
Total Restrictions Released	$ 4,512,453	$ 5,579,556

The Foundation's net assets without donor restrictions included Board designated amounts of $155,378 and $110,192 as of June 30, 2026 and 2025, respectively, for use in future Center projects.

9) Endowed net assets

The primary objective of the Foundation's investment and spending policies for its endowed assets is to be a source of capital for the current and future support of the Center. Implicit in this objective is the financial goal of preserving and enhancing the inflation-adjusted earning and purchasing power of assets. The long-term investment objective of the endowed portfolio is to attain an average annual real total return at or above the level of spending and fees. Real total return is investment return minus inflation. It is also the intent of the policy to earn the highest rate of return over the long term, consistent with prudent funds management, and to provide adequate distribution of income to the Center, within policy and budget guidelines.

9) Endowed net assets (continued)

Certain endowed funds are provided by the State as a match to qualifying private endowed contributions and are managed under agreement with the Louisiana State University System for its benefit. These endowed assets are further subject to the investment and spending policies established by the Louisiana Board of Regents, which has statutory authority to administer the matching funds program.

The net asset composition by type of fund as of June 30, 2026 and 2025, and the changes in endowment net assets for the years ended June 30, 2026 and 2025, were as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Temporary	Permanent	Total
Endowment net assets, June 30, 2024	109,966	4,350,946	9,740,404	14,201,316
Investment return:				
Investment income	-	1,434,105	-	1,434,105
Net appreciation (depreciation)	-	155,435	(13,027)	142,408
Contributions	385,000	-	11,820	396,820
Appropriation of endowment assets for expenditure	(384,774)	(691,433)	-	(1,076,207)
Endowment net assets, June 30, 2025	$ 110,192	$ 5,249,053	$ 9,739,197	$ 15,098,442
Investment return:				
Investment income	-	1,742,390	-	1,742,390
Net appreciation (depreciation)	-	1,051,074	70,215	1,121,289
Contributions	385,000	-	42,226	427,226
Appropriation of endowment assets for expenditure	(339,814)	(701,466)	-	(1,041,280)
Endowment net assets, June 30, 2026	$ 155,378	$ 7,341,051	$ 9,851,638	$ 17,348,067

9) Endowed net assets (continued)

A spending rate is determined by the Foundation's Board of Directors on an annual basis, with consideration given to the market conditions, the spending levels of peer foundations and the level of real return after spending measured over a rolling five-year time period. The spending rate approved by the Board is applied to the five-year average market value of the investment pool of endowed assets. The objective is to provide relatively stable spending allocations. The net spending rate approved by the Board of Directors for the years ended June 30, 2026 and 2025 was 4.50%. In accordance with the Board's policies, no portion of the corpus (original amount of donation) of the endowed assets shall be allocated for program spending.

Guided by the philosophy that asset allocation is the most significant determinant of long-term investment return, the Foundation's Board of Directors establishes asset allocation targets for its pool of endowed assets in order to achieve the total return objectives of its investment policy within acceptable risk levels. Target ranges are established within asset classes, and investments are diversified in order to minimize the risk of large losses.

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level the donor or the Board of Regents policy requires the Foundation to retain as a fund of perpetual duration. There were no deficiencies of this nature as of either June 30, 2026 or 2025.

10) Cooperative endeavor agreement

The Foundation entered into a Cooperative Endeavor Agreement with the Louisiana Department of Economic Development and Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (LSU) effective March 9, 2020. Under the terms of the agreement, the Foundation renovated and partially equipped the Imaging Center and the Animal Surgery Suite owned by LSU and located on Pennington Biomedical Research Center's Baton Rouge Campus. During the year ended June 30, 2025, the Foundation recognized revenues of $610,787, related to this grant. During the year ended June 30, 2025, the renovation was completed, and the Foundation donated and expensed the construction in progress transferred to the Center.

11) Retirement contributions

The Foundation makes an annual contribution to a 403(b) retirement plan for eligible employees, and effective, January 1, 2010, the Plan adopted safe harbor provisions. Contributions for the years ended June 30, 2026 and 2025 totaled approximately $22,877 and $11,400, respectively.

12) Related party transactions

As part of its mission, the Foundation also has certain transactions in the normal course of operations with the Pennington Biomedical Research Center. The transactions consist of research support for salaries, equipment, and supplies, which are processed by the Center. In addition, the Foundation reimburses the Center for certain costs pertaining to Foundation operations. For the years ended June 30, 2026 and 2025, these costs totaled $1,104,580 and $1,610,705, respectively. The amount owed to the Center as of June 30, 2026 and 2025 for these types of expenses was $81,043 and $70,480, respectively.

13) Commitments

In 1999, the Foundation purchased an annuity to fund the retirement obligation of a former Executive Director of the Center. The annuity's value and corresponding retirement obligation were approximately $675,000 and $655,000 as of June 30, 2026 and 2025, respectively.

14) Subsequent events

Management evaluated subsequent events through October 29, 2026, the date that the consolidated financial statements were available to be issued, and determined that no events occurred that required disclosure. No other events occurring after this date have been evaluated for inclusion in these consolidated financial statements.