

LCTCS FACILITIES CORPORATION

Audit of Financial Statements

December 31, 2024



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Independent Auditor's Report

To the Board of Directors
LCTCS Facilities Corporation
New Orleans, LA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of LCTCS Facilities Corporation (the Corporation), which comprise the statement of financial position as of December 31, 2024, the related statements of activities, functional expenses, and cash flows for the year 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 the Corporation as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 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 Corporation'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 Corporation'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.



A Professional Accounting Corporation

Metairie, LA
August 1, 2025

LCTCS FACILITIES CORPORATION
Statement of Financial Position
December 31, 2024

Assets

Current Assets

Cash and Cash Equivalents - Administrative Fund	\$ 2,740,023
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Total Current Assets	<u>2,740,023</u>
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Non-Current Assets

Cash and Cash Equivalents - Restricted for Debt Service	25,661,058
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Cash and Cash Equivalents - Restricted for Capital Purchases	18,735,131
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Property and Equipment, Net	<u>359,896,111</u>
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Total Non-Current Assets	<u>404,292,300</u>
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Total Assets	<u><u>\$ 407,032,323</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts Payable	\$ 99,458
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Interest Payable	2,520,079
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Current Portion of Long-Term Debt, Net	<u>17,680,000</u>
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Total Current Liabilities	<u>20,299,537</u>
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Long-Term Liabilities

Bonds Payable, Net	<u>267,886,321</u>
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Total Long-Term Liabilities	<u>267,886,321</u>
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Total Liabilities	<u>288,185,858</u>
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Net Assets

Without Donor Restrictions	116,692,861
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With Donor Restrictions	<u>2,153,604</u>
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Total Net Assets	<u>118,846,465</u>
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Total Liabilities and Net Assets	<u><u>\$ 407,032,323</u></u>
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The accompanying notes are an integral part of these financial statements.

LCTCS FACILITIES CORPORATION
Statement of Activities
For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Facilities Lease Rental Revenue	\$ 29,594,635	\$ -	\$ 29,594,635
Donations	-	1,022,541	1,022,541
Miscellaneous Income	53,056	-	53,056
Investment Return, Net	1,612,069	-	1,612,069
Net Assets Released from Restrictions Through Satisfaction of Requirements	7,833,326	(7,833,326)	-
Total Revenues, Gains, and Other Support	39,093,086	(6,810,785)	32,282,301
Expenses			
Program Services	22,825,807	-	22,825,807
Supporting Services	37,829	-	37,829
Total Expenses	22,863,636	-	22,863,636
Change in Net Assets	16,229,450	(6,810,785)	9,418,665
Net Assets, Beginning of Year	100,463,411	8,964,389	109,427,800
Net Assets, End of Year	\$ 116,692,861	\$ 2,153,604	\$ 118,846,465

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

LCTCS FACILITIES CORPORATION
Statement of Functional Expenses
For the Year Ended December 31, 2024

	<u>Program Services</u>	<u>Supporting Services</u>	
	Facilities Construction and Financing	Management and General	Total
Depreciation	\$ 12,403,035	\$ -	\$ 12,403,035
Interest Expense	7,616,600	-	7,616,600
Repairs and Maintenance	2,212,813	-	2,212,813
Professional Fees	434,184	-	434,184
Bad Debt Expense	145,346	-	145,346
Legal Fees	8,799	-	8,799
Miscellaneous Expense	5,028	-	5,028
Bank Fees	-	37,829	37,829
Ground Lease Expense	2	-	2
Total	\$ 22,825,807	\$ 37,829	\$ 22,863,636

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

LCTCS FACILITIES CORPORATION
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows from Operating Activities	
Change in Net Assets	\$ 9,418,665
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Amortization of Bond Financing Costs	319,022
Depreciation	12,403,035
Bad Debt Expense	145,346
Amortization of Bond Premium	(2,848,442)
Unrealized Gain on Investments	(77,471)
(Increase) Decrease in Assets	
Facilities Maintenance Receivable	883,178
Increase (Decrease) in Liabilities	
Accounts Payable	(1,300,115)
Interest Payable	(193,070)
Retainage Payable	(701,262)
Net Cash Provided by Operating Activities	<u>18,048,886</u>
Cash Flows from Investing Activities	
Purchases of Investments	(8,965)
Proceeds from the Sale of Investments	2,000,000
Payments for Construction of Facilities and Purchase of	
Furniture, Fixtures, and Equipment	(6,594,353)
Net Cash Used in Investing Activities	<u>(4,603,318)</u>
Cash Flows from Financing Activities	
Payments of Bond Principal	(17,000,000)
Net Cash Used in Financing Activities	<u>(17,000,000)</u>
Net Decrease in Cash, Cash Equivalents, and Restricted	
Cash and Cash Equivalents	(3,554,432)
Cash, Cash Equivalents, and Restricted Cash and	
Cash Equivalents, Beginning of Year	<u>50,690,644</u>
Cash, Cash Equivalents, and Restricted Cash and	
Cash Equivalents, End of Year	<u>\$ 47,136,212</u>
Supplemental Disclosure of Cash Flow Information	
Cash Paid for Interest	<u>\$ 10,852,592</u>

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

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of Organization

LCTCS Facilities Corporation (the Corporation) is a private, Louisiana non-profit corporation established in 2007 for the primary purpose of financing and constructing land and facilities for the Louisiana Community and Technical College System. Operations began October 1, 2009 upon receipt of bond proceeds described below.

The Corporation participated in an initial bond issuance by borrowing money from the Louisiana Local Government Environmental Facilities and Community Development Authority (the Issuer), which issued \$19,290,000 in revenue bonds (Series 2009A), \$45,280,000 in revenue bonds (Series 2009B), \$64,025,000 in revenue bonds (Series 2010), and \$51,980,000 in revenue bonds (Series 2011), payable solely from the revenues of the Corporation. The revenue bonds are issued pursuant to a Trust Indenture dated October 1, 2009, between the Issuer and the Bond Trustee. Louisiana Act 391 identifies the uses of the proceeds of the bonds as the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of fourteen community and technical college campuses of the Louisiana Community and Technical College System and a statewide computer information system for the Board of Supervisors of the Louisiana Community and Technical College System (the Board).

In December 2014, the Corporation participated in a second bond issuance by borrowing money from the Issuer, which issued \$128,330,000 in revenue bonds (Series 2014) to be paid solely from the revenue of the Corporation. The revenue bonds are issued pursuant to a Trust Indenture dated December 1, 2014. Louisiana Act 360 identifies the use of the proceeds of the bonds as the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of twenty-nine community and technical college campuses of the Louisiana Community and Technical College System.

In September 2017, the Corporation participated in a third bond issuance by borrowing money from the Issuer, which issued \$20,770,000 in revenue bonds (Series 2017) to be paid solely from the revenue of the Corporation. The revenue bonds are issued pursuant to a Trust Indenture dated December 1, 2014. Louisiana Act 360 identifies the use of the proceeds of the bonds as the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of twenty-nine community and technical college campuses of the Louisiana Community and Technical College System.

In September 2017, the Corporation participated in a bond refunding by borrowing money from the Issuer, which issued \$88,590,000 of Series 2017 Bonds for the purpose of providing sufficient funds to advance refund the outstanding Series 2009B Bonds and Series 2010 Bonds, and pay the costs of issuance of the Series 2017 Bonds, including the premium for a bond insurance policy.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Nature of Organization (Continued)

In December 2018, the Corporation participated in a fourth bond issuance by borrowing money from the Issuer, which issued \$66,830,000 in revenue bonds (Series 2018) to be paid solely from the revenue of the Corporation. The revenue bonds are issued pursuant to a Trust Indenture dated December 1, 2014. Louisiana Act 360 identifies the use of the proceeds of the bonds as the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of twenty-nine community and technical college campuses of the Louisiana Community and Technical College System.

In December 2019, the Corporation participated in a fifth bond issuance by borrowing money from the Issuer, which issued \$16,630,000 in revenue bonds (Series 2019) to be paid solely from the revenue of the Corporation. The revenue bonds are issued pursuant to a Trust Indenture dated December 1, 2014. Louisiana Act 360 identifies the use of the proceeds of the bonds as the purchase, acquisition, construction, design, development, renovation, and equipping of land and facilities for the benefit of twenty-nine community and technical college campuses of the Louisiana Community and Technical College System.

In September 2021, the Corporation participated in a bond refunding by borrowing money from the Issuer, which issued \$150,770,000 of Series 2021 Bonds for the purpose of providing sufficient funds to advance refund the outstanding Series 2014 Bonds, and pay the costs of issuance of the Series 2021 Bonds, including the premium for a bond insurance policy.

Governmental Accounting Standards Board (GASB) No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34* requires inclusion of the Corporation's financial statements in the Louisiana Community and Technical College System's financial statements.

Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America under the accrual basis of accounting. The accrual basis of accounting is the method of accounting under which liabilities and expenses are recorded as incurred, whether or not paid, and income is recorded when earned, whether or not received.

The Corporation uses various trust accounts created pursuant to trust indentures of the related bonds. The trust accounts, which are administered by the trustee bank, provide for the custody of assets, debt service payments and bond redemption requirements, and payment of administrative expenses.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The financial statement presentation is in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Accordingly, the Corporation reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

Donations

All pledges receivable and amounts received that are donor restricted for future periods or donor restricted for specific purposes are reported as net assets with donor restrictions.

Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash and cash equivalents reported within the statement of financial position as of December 31, 2024 that sum to the total of the same such amounts shown in the statement of cash flows.

Cash and Cash Equivalents - Administrative Fund	\$ 2,740,023
Cash and Cash Equivalents - Restricted for Debt Service	25,661,058
Cash and Cash Equivalents - Restricted for Capital Purchases	<u>18,735,131</u>
Total Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents Shown in the Statement of Cash Flows	<u>\$ 47,136,212</u>

Restricted cash and cash equivalents consist of deposits in a financial institution and U.S. Treasury obligations which represent deposits in money market funds invested in U.S. Treasury securities. Fair value of these instruments approximates cost.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Restricted Cash and Cash Equivalents (Continued)

Substantially all cash and cash equivalents are restricted for debt service and construction costs. At December 31, 2024, restricted cash and cash equivalents consisted of the following:

Demand Deposit	\$ 55,198
Treasury Bills	9,973,120
Money Market Funds	<u>34,367,871</u>
Total Restricted Cash and Cash Equivalents	<u>\$ 44,396,189</u>

Investments

In accordance with the *Not-for-Profit Entities* Topic of the FASB ASC, the Corporation's investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statement of financial position. Investment return is reported in the statement of activities as increases or decreases in net assets without donor restrictions unless the income is restricted by explicit donor stipulation or by law, and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses and arbitrage rebate expenses, if any.

All investments held by the Corporation are restricted for construction costs. Under the terms of the various bond indentures or similar documents, various funds such as Project, Capitalized Interest, Debt Service, and Administrative must be established and maintained. The bond indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, and minimum bond coverage.

Allowance for Credit Losses - Debt Securities

Debt securities with a fair value less than its amortized cost basis is considered impaired. Debt securities in an unrealized loss position are evaluated on an annual basis, and more frequently when economic or market conditions warrant such evaluation. If the Corporation has the intent to sell the security, or it is more likely than not that the Corporation will be required to sell the security, the total impairment loss is recognized as an adjustment to the amortized cost basis of the investment and reflected in the statement of activities. The new amortized cost basis is not adjusted for subsequent recoveries in fair value.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Allowance for Credit Losses - Debt Securities (Continued)

If the Corporation does not have the intent to sell and determines that it is not more likely than not that it will be required to sell the security, management evaluates whether the decline in fair value is the result of credit losses or other factors. In making the assessment, management may consider various factors including the extent to which fair value is less than amortized cost, performance on any underlying collateral, downgrades in the ratings of the security by a rating agency, the failure of the issuer to make scheduled interest or principal payments and adverse conditions specifically related to the security. If the assessment indicates that a credit loss exists, the present value of cash flows expected to be collected is compared to the amortized cost basis of the security. To the extent that the security's amortized cost basis exceeds the present value of cash flows expected to be collected, an allowance for credit losses is recorded. Recoveries of credit losses can be reversed in subsequent periods. As of December 31, 2024, there were no debt securities.

Income Taxes

The Corporation is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law.

Pledges Receivable

When a donor has unconditionally promised to contribute funds to the Corporation in future periods, the Corporation recognizes a pledge receivable. Pledges expected to be collected within one year are recorded as support and a receivable at net realizable value. Pledges expected to be collected in future years are recorded as support and a receivable at the present value of expected future cash flows. Discounts on those amounts are computed using interest rates applicable to the years in which the promises are expected to be received. Amortization of discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. A provision for doubtful pledges receivable has not been established as management considers all accounts to be collectible based on favorable history over a substantial period of time. Management expects to collect the amounts when construction on the projects begins. As of December 31, 2024, there were no pledges receivable.

Bond Premiums and Discounts

Premiums and discounts resulting from the purchase of revenue bonds are amortized over the lives of the bonds under the effective interest method.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Bond Financing Costs, Net

Costs incurred with obtaining financing have been capitalized and are being amortized using the straight-line method over the life of the bond financing arrangement. The Corporation's capitalized financing costs consisted of the following at December 31, 2024:

Bond Financing Costs	\$ 4,811,443
Accumulated Amortization	<u>(1,736,120)</u>
Total	<u>\$ 3,075,323</u>

Amortization expense for the year ended December 31, 2024 was \$319,022.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Values of Financial Instruments

The Corporation follows the provisions of the *Fair Value Measurements* Topic of the FASB ASC 820 for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including the Corporation's own credit risk.

In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fair Values of Financial Instruments (Continued)

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3 Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, although the Corporation 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. There have been no changes in the methodologies used during the year ended December 31, 2024. As of December 31, 2024, there were no assets or liabilities measured at fair value.

Property and Equipment

Property and equipment are stated at cost at the date of acquisition. For movable property, the Corporation capitalizes items with a unit cost of \$5,000 or greater. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million and computer software for internal use with depreciable costs of \$1 million or greater are required to be capitalized.

The Corporation capitalizes interest costs incurred during the construction period. Routine repairs and maintenance are charged to expense in the year in which the expense is incurred. Depreciation expense for property and equipment commences on the date the asset is placed in service and is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings, 20 years for building improvements, and three to seven years for movable property.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Long-lived assets are reviewed whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to discounted future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount of which the carrying amount of the asset exceeds the fair value of the assets, determined by discounting future cash flows at an appropriate discount rate. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment was recorded during the year ended December 31, 2024.

Revenue Recognition

Revenue from government grants and contract agreements is recognized as it is earned through expenditure or service delivery in accordance with the agreement.

Functional Allocation of Expenses

The costs of providing the Corporation's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. As of December 31, 2024, all expenses were allocated by direct identification and not allocated.

Note 2. Property and Equipment

Property and equipment consisted of the following at December 31, 2024:

Land	\$ 6,962,193
Building and Improvements	425,156,216
Furniture, Fixtures, and Equipment	<u>24,937,798</u>
	457,056,207
Less: Accumulated Depreciation	<u>(97,735,913)</u>
	359,320,294
Construction in Progress	<u>575,817</u>
Property and Equipment, Net	<u>\$ 359,896,111</u>

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 3. Bonds Payable

Bonds payable is composed of the following at December 31, 2024:

Revenue Bonds

Refunding Series 2017

The Bank of New York Mellon Trust Company, N.A. Dated September 26, 2017; bearing interest of 5.00% per annum; interest only payments due semi-annually on April 1 and October 1; principal payable annually each October 1, commencing October 1, 2021 and ending October 1, 2028.

\$ 48,730,000

Series 2017

Whitney Bank. Dated September 29, 2017; bearing interest of 5.00% per annum; interest only payments due semi-annually on April 1 and October 1; principal payable annually each October 1, commencing October 1, 2020 and ending October 1, 2028.

9,980,000

Series 2018

Whitney Bank. Dated December 11, 2018; bearing interest of 5.00% per annum; interest only payments due semi-annually on April 1 and October 1; principal payable annually each October 1, commencing October 1, 2028 and ending October 1, 2039.

66,830,000

Series 2019

Whitney Bank. Dated December 10, 2019; bearing interest of 5.00% per annum; interest only payments due semi-annually on April 1 and October 1; principal payable annually each October 1, commencing October 1, 2020 and ending October 1, 2028.

7,930,000

Series 2021

Whitney Bank. Dated September 1, 2021; bearing interest ranging from 0.426% to 2.745% per annum; interest only payments due semi-annually on April 1 and October 1; principal payable annually each October 1, commencing April 1, 2022 and ending October 1, 2039.

145,405,000

Plus: Bond Premiums (Series 2017, 2018 and 2019 and Refunding 2017)

9,766,644

Less: Related Discount (Series 2011)

-

Total Bonds Payable

288,641,644

Less: Unamortized Debt Issuance Costs

(3,075,323)

Total Bonds Payable, Less Unamortized Debt Issuance Costs

285,566,321

Less: Current Portion

(17,680,000)

Bonds Payable, Long-Term Portion

\$ 267,886,321

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 3. Bonds Payable (Continued)

The schedule of future maturities of bonds payable as of December 31, 2024 is as follows:

Refunding Series 2017		Series 2017		Series 2018		Series 2019		Series 2021	
2025	\$ 11,275,000	2025	\$ 2,495,000	2028	\$ 9,085,000	2025	\$ 2,095,000	2025	\$ 1,815,000
2026	11,855,000	2026	2,625,000	2029	12,815,000	2026	2,205,000	2026	1,830,000
2027	12,465,000	2027	2,765,000	2030	13,465,000	2027	2,280,000	2027	1,855,000
2028	13,135,000	2028	2,095,000	2031	11,140,000	2028	1,350,000	2028	1,885,000
				2032	1,775,000			2029	1,920,000
Total	\$ 48,730,000	Total	\$ 9,980,000	2033	2,270,000	Total	\$ 7,930,000	2030	1,955,000
				2034	2,385,000			2031	4,970,000
				2035	2,505,000			2032	14,860,000
				2036	2,635,000			2033	15,180,000
				2037	2,775,000			2034	15,525,000
				2038	2,915,000			2035	15,890,000
				2039	3,065,000			2036	16,280,000
				Total	\$ 66,830,000			2037	16,695,000
								2038	17,135,000
								2039	17,610,000
								Total	\$ 145,405,000

Interest expense totaled \$7,616,600 for the year ended December 31, 2024.

In connection with the issuance of the Series 2017, 2017 Refunding, Series 2018, and Series 2019 revenue bonds listed above, the Corporation recorded bond premiums which totaled \$12,615,087 at December 31, 2024. These premiums are amortized over the lives of the bonds under the effective interest method. Amortization of bond premiums for the year ended December 31, 2024 totaled \$2,848,442 and is included in interest expense.

Note 4. Lease Agreements

Facilities Lease

The Corporation entered into agreements to lease the Act 391 and Act 360 facilities to the Louisiana Community and Technical College System. The future minimum lease payments to be received as base rental payments are scheduled to be sufficient to pay the debt service requirements on the bonds as disclosed in Note 3. The availability of these base rental payments by the Board is subject to annual appropriation of funds to the Board sufficient for such purpose by the State of Louisiana Legislature. The term of the leases will run contemporaneously with the bonds. See Note 8.

The leases include purchase options under which the Board may elect to purchase the leased facilities for an amount equal to the outstanding principal and interest due on the bonds plus any prepayment penalties and any other costs or charges which may become due as a result of the prepayment.

Ground Lease

The Corporation entered into an agreement effective October 1, 2009 to lease the land, on which the Act 391 facilities will be constructed, from the Board. The lease term expires on October 1, 2038. The rent shall be due and paid annually in advance in the sum of \$1 per year.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 4. Lease Agreements (Continued)

Ground Lease (Continued)

The Corporation entered into an agreement effective December 1, 2014 to lease the land, on which the Act 360 facilities will be constructed, from the Board. The lease term expires on December 1, 2039. The rent shall be due and paid annually in advance in the sum of \$1 per year.

Note 5. Commitments and Contingencies

The Corporation has active construction projects at various campuses as of December 31, 2024. At year end, the Corporation's commitments to contractors are as follows:

Project	Incurred-to-Date	Remaining Commitment
Act 360		
Delgado City Park - Advanced Workforce Training	\$ 262,401	\$ 278,478
Delgado City Park - Hospitality and Culinary	262,401	278,478
Program Administration	91,000	251,000
Total		\$ 807,956

The Corporation entered into contracts with a consulting firm to create and institute the program of construction projects established by Act 391, Act 360, and the CDBG CEA and provide administrative duties over the life of each program. The original contract for Act 391 was extended through May 2017 for a monthly fee of \$28,463. The contract was amended during 2017 with monthly fees ranging from \$3,333 to \$10,000 from July 2017 through project completion. The original contract for Act 360 expired in May 2017 with monthly fees of \$64,332 payable on the first day of each month. The contract was amended during 2017 with monthly fees ranging from \$3,333 to \$30,000 from July 2017 through project completion.

The Corporation has entered into a contract with an engineering firm to serve as the program manager for the construction projects established by Act 391 and Act 360 at the various campuses. The original Act 391 management contract expired on October 1, 2014 and was extended through December 31, 2016 for a fixed fee of \$450,750. The original contract associated with Act 360 was a fixed fee of \$11,436,840 paid in 60 equal installments beginning November 2014. The Act 360 contract was amended in 2017 with monthly fees ranging from \$45,714 to \$115,863 beginning in March 2017 through November 2019. The Act 360 contract was amended again in 2018 with monthly fees ranging from \$45,714 to \$254,684 beginning in March 2018 through May 2021, and then again amended in 2022 to extend through May 2024 for additional monthly fees of \$15,678 related to additional bond funding. In April 2024, the contract was amended to extend the contract with monthly fees of \$13,000 from June 2024 through May 2026 and \$2,500 from June 2026 through May 2027, when the contract ends.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 6. Net Assets with Donor Restrictions

Act 360 required each project to obtain matching funding in an amount no less than twelve percent of the project costs. Net assets with donor restrictions at December 31, 2024 consisted of the following amounts related to these matching funding requirements:

Cash - Restricted for Capital Purchases for:

Delgado Community College, City Park Campus	\$ 981,818
Delgado City Park - Hospitality and Culinary	750,000
Nunez Student Center	148,739
Delgado City Park Campus Nursing & Allied Health	32,361
Fletcher One Stop Shop for All Student Activities	107,802
SOWELA Technical Community College, Lake Charles - Hospitality and Tourism	62,672
Northshore Community College, Livingston - Workforce Training Center Project Fund	31,831
Westside Campus of Capital Area Technical College	23,153
Delgado Advanced Technical Building and Campus Expansion - Westbank Campus, New Orleans	12,960
Louisiana Delta Community College, Tallulah - Workforce Training Campus Project Fund	1,287
Baton Rouge Community College - Acadian Campus	981
Total	\$ 2,153,604

Net assets released from restrictions by incurring expenses satisfying the restricted construction purpose totaled \$7,833,326 during the year ended December 31, 2024.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 7. Arbitrage Rebate

The Corporation has issued bonds, the proceeds of which are subject to federal arbitrage rebate regulations under Section 148(f) of the Internal Revenue Code. These regulations require that earnings on the investment of bond proceeds in excess of the yield on the bonds be remitted to the U.S. Treasury.

In 2024, it was determined that the Corporation, in relation to its 2019 Series bonds, owed an arbitrage rebate totaling \$846,445, which represents the cumulative excess investment earnings subject to rebate. This amount was calculated in accordance with applicable federal regulations and was paid during 2024. The expense is recorded net of investment earnings on the statement of activities.

The Corporation reviews and updates the calculation annually and will remit any required payments to the federal government in accordance with the required five-year installment schedule, or annually, until all funds are fully spent.

Note 8. Concentrations of Risk

The Corporation received 100% of its Facilities Lease Rental Revenue from the Board of Supervisors of the Louisiana Community and Technical College System. The State's obligation to fund the requirements set forth in the Facilities Lease are subject to Legislative discretion and the source of funding of the appropriation could vary during the term of the agreements.

The Corporation periodically maintains cash in trust and deposit accounts in excess of insured limits. The Corporation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution. The Corporation has not experienced any losses in such accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents as credit risk is minimized by investing \$44,340,991 in money market funds containing underlying securities which are issued or guaranteed as to principal and interest by the U.S. government or its agencies and instrumentalities.

Note 9. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Corporation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in interest expense.

LCTCS FACILITIES CORPORATION

Notes to the Financial Statements

Note 10. Related Parties

During 2024, the Chairman of the Corporation was also a member of the Board of Supervisors of the Louisiana Community and Technical College System.

The Financial Advisor serving the Corporation in connection with the issuance of the bonds, and the Program Administrator serving in connection with the implementation of the project, including matters relating to the investment and expenditure of the bond proceeds, are related and affiliated companies under common control and ownership.

Note 11. Liquidity and Availability

The Corporation regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Corporation has available. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of cash and cash equivalents - administrative fund, totaling \$2,740,023 at December 31, 2024. As part of the Corporations liquidity management plan, cash in excess of daily requirements is invested in money market funds.

Note 12. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, August 1, 2025 and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.