

**NICHOLLS STATE
UNIVERSITY FOUNDATION, INC.
THIBODAUX, LOUISIANA**

Audits of Financial Statements

June 30, 2019 and 2018



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Independent Auditor's Report

To the Board of Directors
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

We have audited the accompanying financial statements of Nicholls State University Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of funds held in custody on pages 21 and 22 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



A Professional Accounting Corporation

Houma, LA
September 21, 2020

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Cash and Cash Equivalents	\$ 2,906,831	\$ 1,949,874
Invested Cash	1,847,332	1,554,949
Total Cash and Cash Equivalents	4,754,163	3,504,823
Restricted Cash - Endowed		
Chairs and Professorships	939,686	1,221,662
Investments	22,170,778	21,270,349
Accrued Interest	63,481	67,396
Accounts Receivable	212,040	109,904
Promises to Give, Net	2,132,746	-
Antique Collection	75,830	75,830
Total Assets	\$ 30,348,724	\$ 26,249,964
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 485,473	\$ 113,060
Demand Note Payable	1,186,205	1,299,518
Notes Payable - Related Parties	-	1,400,000
Funds Held in Custody		
State Funds	4,008,608	3,907,977
University Funds	7,010,259	6,922,135
Total Liabilities	12,690,545	13,642,690
Net Assets		
Without Donor Restrictions	385,381	(694,853)
With Donor Restrictions	17,272,798	13,302,127
Total Net Assets	17,658,179	12,607,274
Total Liabilities and Net Assets	\$ 30,348,724	\$ 26,249,964

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

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statements of Activities
For the Years Ended June 30, 2019 and 2018

	2019	2018
Changes in Net Assets Without Donor Restrictions		
Revenue		
Contributions	\$ 2,061,186	\$ 105,031
Intestment Return, Net	374,916	120,892
Other Revenues	23,654	156,819
Total Revenues	2,459,756	382,742
Net Assets Released from Restrictions		
Satisfaction by Payment	1,965,514	4,009,153
Total Unrestricted Revenue	4,425,270	4,391,895
Expenses		
Program Services	3,002,059	4,032,177
Support Services	342,977	358,591
Total Expenses	3,345,036	4,390,768
Increase in Net Assets Without Donor Restrictions	1,080,234	1,127
Changes in Net Assets With Donor Restrictions		
Contributions	4,170,569	2,265,277
Investment Return, Net	481,620	464,224
Colonel's Brigade Support	1,094,507	1,298,859
John Folse Culinary Institute Support	58,188	43,659
Special Fundraising Events	131,301	99,182
Net Assets Released from Restrictions		
Restrictions Satisfied by Payment	(1,965,514)	(4,009,153)
Increase in Net Assets With Donor Restrictions	3,970,671	162,048
Increase in Net Assets	5,050,905	163,175
Net Assets, Beginning of Year	12,607,274	12,444,099
Net Assets, End of Year	\$ 17,658,179	\$ 12,607,274

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

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2019

	<u>Program Services</u>					<u>Supporting Services</u>			
	Endowed Chairs, Professorships, and 1st Generation Scholarships	Colonel's Brigade Support	Scholarships	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants to University	\$ 454,988	\$ 1,004,626	\$ 175,102	\$ 1,367,343	\$ 3,002,059	\$ -	\$ -	\$ -	\$ 3,002,059
Bank and Credit Card Fees	-	-	-	-	-	14,189	-	14,189	14,189
Board Discretionary Expenses	-	-	-	-	-	3,642	-	3,642	3,642
Dues, Subscriptions & Membership	-	-	-	-	-	3,395	-	3,395	3,395
Insurance	-	-	-	-	-	3,954	-	3,954	3,954
Meals and Entertainment	-	-	-	-	-	34,242	-	34,242	34,242
Meetings and Conferences	-	-	-	-	-	8,185	949	9,134	9,134
Miscellaneous Expense	-	-	-	-	-	14,055	60	14,115	14,115
Payroll Taxes	-	-	-	-	-	7,416	-	7,416	7,416
Postage	-	-	-	-	-	1,196	6,125	7,321	7,321
Printing	-	-	-	-	-	-	1,124	1,124	1,124
Professional Services	-	-	-	-	-	109,194	7,000	116,194	116,194
Rent	-	-	-	-	-	1,930	-	1,930	1,930
Salaries	-	-	-	-	-	114,180	-	114,180	114,180
Supplies and Equipment	-	-	-	-	-	5,220	2,515	7,735	7,735
Travel	-	-	-	-	-	3,836	570	4,406	4,406
Total	\$ 454,988	\$ 1,004,626	\$ 175,102	\$ 1,367,343	\$ 3,002,059	\$ 324,634	\$ 18,343	\$ 342,977	\$ 3,345,036

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

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2018

	<u>Program Services</u>					<u>Supporting Services</u>				<u>Total</u>
	<u>Endowed Chairs, Professorships, and 1st Generation Scholarships</u>	<u>Colonel's Brigade Support</u>	<u>Scholarships</u>	<u>Other Program Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>		
Grants to University	\$ 456,231	\$ 2,382,501	\$ 314,775	\$ 878,670	\$ 4,032,177	\$ -	\$ -	\$ -	\$ 4,032,177	
Bank and Credit Card Fees	-	-	-	-	-	6,720	2,024	8,744	8,744	
Board Discretionary Expenses	-	-	-	-	-	95	-	95	95	
Dues, Subscriptions & Membership	-	-	-	-	-	3,363	-	3,363	3,363	
Insurance	-	-	-	-	-	4,487	-	4,487	4,487	
Meals and Entertainment	-	-	-	-	-	19,469	-	19,469	19,469	
Meetings and Conferences	-	-	-	-	-	3,582	500	4,082	4,082	
Miscellaneous Expense	-	-	-	-	-	12,733	39,556	52,289	52,289	
Payroll Taxes	-	-	-	-	-	7,516	-	7,516	7,516	
Postage	-	-	-	-	-	997	113	1,110	1,110	
Printing	-	-	-	-	-	376	81	457	457	
Professional Services	-	-	-	-	-	101,985	6,459	108,444	108,444	
Rent	-	-	-	-	-	-	136	136	136	
Salaries	-	-	-	-	-	113,350	3,230	116,580	116,580	
Supplies and Equipment	-	-	-	-	-	1,031	26,874	27,905	27,905	
Travel	-	-	-	-	-	3,899	15	3,914	3,914	
Total	\$ 456,231	\$ 2,382,501	\$ 314,775	\$ 878,670	\$ 4,032,177	\$ 279,603	\$ 78,988	\$ 358,591	\$ 4,390,768	

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

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 5,050,905	\$ 163,175
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Proceeds of Contributions Restricted for Endowment Purposes	(474,686)	(473,354)
Net Gain from Investments	(678,707)	(414,719)
Noncash Contributions	(1,400,000)	-
(Increase) Decrease in:		
Accrued Interest	3,915	(3,961)
Accounts Receivable	(102,136)	(7,151)
Promises to Give	(2,132,746)	-
Increase (Decrease) in:		
Accounts Payable	372,413	7,429
Funds Held in Custody	188,755	(14,515)
Net Cash Provided by (Used in) Operating Activities	827,713	(743,096)
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	(2,479,436)	3,239,019
Purchase of Investments	2,539,690	(2,613,448)
Net Cash Provided by Investing Activities	60,254	625,571
Cash Flows from Financing Activities		
Proceeds from Notes Payable	-	1,125,288
Repayment of Notes Payable	(113,313)	(350,000)
Endowment Fund Contributions	474,686	473,354
Net Cash Provided by Financing Activities	361,373	1,248,642
Net Increase in Cash and Cash Equivalents	1,249,340	1,131,117
Cash and Cash Equivalents, Beginning of Year	3,504,823	2,373,706
Cash and Cash Equivalents, End of Year	\$ 4,754,163	\$ 3,504,823
Supplemental Disclosure of Cash Flow Information:		
Cash Paid for Interest	\$ 54,250	\$ 14,311

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

The Nicholls State University Foundation, Inc. (the Foundation) was incorporated under Title 12, Section 101 et seq. of the State of Louisiana laws as a non-profit organization on June 25, 1964.

The objects and purposes of this corporation are to promote, stimulate, and improve the educational, cultural, moral, and material welfare of Nicholls State University (the University); to promote, improve and encourage closer cultural, moral, and intellectual intercourse therewith between the members of this corporation and the University; to give financial aid to needy and deserving students; to promote and encourage research and scholastic excellence among the faculty members of the University; to buy, sell, lease, erect, or otherwise acquire lands and all necessary buildings and appurtenances to further such ends, to hold, maintain and operate same, to sell, lease, or dispose thereof and generally to do all things necessary or proper to achieve such ends. This corporation is organized and shall be operated exclusively for educational, scientific, and literary purposes.

Basis of Presentation

Financial statements are presented in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts and other highly liquid, unrestricted investments with an initial maturity of three months or less.

Contributions

Contributions are recognized as revenues when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are recognized as revenue when the conditions are substantially met.

Promises to Give

The Foundation records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts are included in contribution revenue in the statements of activities. The Foundation determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2019 and 2018, no allowance was deemed necessary.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Investments

Investments primarily include equity and debt securities and alternative investments, a portion of which are without donor restriction but designated and controlled by the board, with the remainder with donor restrictions, for providing financial support to the University when needed. The Foundation records investments in accordance with the *Not-for-Profit Entities* Topic of the FASB ASC which establishes standards for the recognition of fair value of investments in certain equity and debt securities with gains and losses included in the statements of activities. Investment return, net (including realized and unrealized gains and losses on investments, interest, dividends, and expenses) is included in the change in net assets with donor restrictions if there are donor imposed restrictions on the use of the income, or without donor restrictions in the absence of such restrictions.

Funds Held in Custody

The Foundation has received various matching grants from the State of Louisiana under the Eminent Scholars Endowed Chairs, Endowed Professorships, and Endowed 1st Generation Scholarships programs which are only approved after certain levels of private funding have been raised. The Foundation must comply with certain policies, procedures, and regulations regarding the administration of these programs.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board designated endowment. Investment earnings appropriated for expenditure in accordance with the Foundation's endowment policy are included in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations such as completion of construction projects. Other donor-imposed restrictions are perpetual in nature (also referred to as an endowment fund), where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As restrictions are met or until released in accordance with the Foundation's spending policy, assets are reclassified to net assets without donor restrictions.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-imposed purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Collections

Donations of collections are recorded as support at their estimated fair value at the date of their donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

The Foundation holds an antique collection which consists of antique furniture, dinnerware, paintings, and other household items donated to the Foundation.

Functional Allocation of Expenses

Expenses are charged directly to program, management and general, or fundraising based on specific identification.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as a public charity.

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 Foundation believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2019. The Foundation is currently in the process of implementing this standard in anticipation of adoption for the year ended June 30, 2021.

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determine whether a contribution is conditional. ASU 2016-18 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230)*. The update was issued to address diversity in the classification and presentation of changes in restricted cash in the statement of cash flows, and requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or cash equivalents. ASU 2016-18 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2018, and for interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted.

Recent Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. The Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Foundation implemented ASU 2016-14 for the year ended June 30, 2019 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. Implementation did not result in a change in net assets.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 2. Liquidity and Availability

The Foundation receives significant contributions to establish endowments that will exist in perpetuity; the investment income generated from such endowments is used to support the facilities, programs, and other activities managed by the University. Investment income from endowments also covers investment expenses incurred by the Foundation. Note 12 discusses the endowments and spending policy of the Foundation.

The Foundation manages its investments in order for the investment income generated to be available to cover investment and other expenses and cover the grant to support the facilities, programs, and other activities managed by the University.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheets date, comprise the following:

	2019	2018
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Financial Assets		
Cash and Invested Cash	\$ 4,754,163	\$ 3,504,823
Restricted Cash	939,686	1,221,662
Accounts and Accrued Interest Receivable	275,521	177,300
Promises to Give, Net	2,132,746	-
Investments	22,170,778	21,270,349
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Financial Assets at Year End	30,272,894	26,174,134
Less Those Unavailable for General Expenditure Within One Year Due to:		
Promises to Give, Restricted by Donor for Time or Purpose	(2,132,746)	-
Funds Held in Custody for Others	(11,018,867)	(10,830,112)
Investments Held for Endowments Greater Than One Year	(8,672,981)	(8,198,295)
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Financial Assets at Year End Available to Meet Cash Needs for General Expenditures Within One Year	\$ 8,448,300	\$ 7,145,727
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Note 3. Cash and Cash Equivalents and Restricted Cash

The Foundation maintains several bank accounts at Capital One Bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution exceeded federally insured limits by \$2,742,275 and \$1,729,995 at June 30, 2019 and 2018. Money market mutual funds included in cash equivalents totaled \$1,597,332 and \$1,554,949 at June 30, 2019 and 2018, respectively. These amounts were uninsured. Restricted cash, which consists of money market mutual funds invested for the Endowed Chairs and Professorships Program, totaled \$939,686 and \$1,221,662 at June 30, 2019 and 2018, respectively. These amounts were also uninsured.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 4. Investments

In accordance with the *NFP Entities* Topic of the FASB ASC, the Foundation reports certain equity and all debt securities at fair value. The composition of investment securities at June 30, 2019 and 2018, is as follows:

	2019	2018
Equity Securities		
Corporate Securities	\$ 6,603,134	\$ 6,038,884
Mutual Funds and Exchange Traded Funds	6,993,415	5,881,498
Real Estate Investment Trusts	307,113	280,653
Debt Securities		
Corporate Bonds	6,101,984	5,778,177
Obligations of States and Municipal Governments	1,494,514	1,874,463
Alternative Investments	670,618	1,416,674
Total	\$ 22,170,778	\$ 21,270,349

Alternative investments include a hedge fund, which is a sophisticated, multi-strategy investment managed by external advisors. Such investments are not readily marketable and are reported at net asset value per ownership share, which approximates fair value.

Note 5. Promises to Give

Unconditional promises of donors to make contributions to the Foundation are included in the financial statements as promises to give and revenue with donor restrictions net asset class.

During the year ended June 30, 2019, a donor made an unconditional promise to contribute \$360,000 per year for seven years beginning on December 31, 2019 for the construction of athletic facilities for the University.

Promises to give for the years ended June 30, 2019 and 2018 are expected to be realized as follows:

	2019	2018
In One Year or Less	\$ 360,000	\$ -
Between One Year and Five Years	1,440,000	-
Beyond Five Years	720,000	-
	2,520,000	-
Less: Discount to Present Value at 5%	(387,254)	-
Less: Allowance for Uncollectible Promises to Give	-	-
Promises to Give, Net	\$ 2,132,746	\$ -

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 5. Promises to Give (Continued)

Promises to give for the years ended June 30, 2019 and 2018 have restrictions as follows:

	2019	2018
Facility Construction	\$ 2,132,746	\$ -
Total Promises to Give, Net	\$ 2,132,746	\$ -

Note 6. Fair Values of Financial Instruments

The Foundation follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as 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.

The *Fair Value Measurement* Topic of the FASB ASC establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The inputs in the three levels of this hierarchy are described 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.
- 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.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 6. Fair Values of Financial Instruments (Continued)

Recurring Fair Value Measurements

The Foundation's measurements of fair value are made on a recurring basis, and its valuation techniques for assets and liabilities recorded at fair value are as described in the preceding section.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019 and 2018:

June 30, 2019	Total	Level 1	Level 2	Level 3
Equity Securities				
Corporate Securities	\$ 6,603,134	\$ 6,603,134	\$ -	\$ -
Mutual Funds and Exchange Traded Funds	6,993,415	6,993,415	-	-
Real Estate Investment Trusts	307,113	307,113	-	-
Debt Securities				
Corporate Bonds	6,101,984	4,491,426	1,610,558	-
Obligations of States and Municipal Governments	1,494,514	11,683	1,482,831	-
Hedge Fund and Futures Fund Measured at NAV ^(a)	670,618	-	-	-
Total	\$ 22,170,778	\$ 18,406,771	\$ 3,093,389	\$ -
June 30, 2018	Total	Level 1	Level 2	Level 3
Equity Securities				
Corporate Securities	\$ 6,038,884	\$ 6,038,884	\$ -	\$ -
Mutual Funds and Exchange Traded Funds	5,881,498	5,881,498	-	-
Real Estate Investment Trusts	280,653	280,653	-	-
Debt Securities				
Corporate Bonds	5,778,177	4,180,819	1,057,028	540,330
Obligations of States and Municipal Governments	1,874,463	27,521	1,846,942	-
Hedge Fund and Futures Fund Measured at NAV ^(a)	1,416,674	-	-	-
Total	\$ 21,270,349	\$ 16,409,375	\$ 2,903,970	\$ 540,330

(a) Certain investments measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Changes in the amounts of Level 3 investments reported in the statements of financial position are as follows for the year ended June 30, 2019 and 2018:

	2019	2018
Corporate Bonds, Beginning of Year	\$ 540,330	\$ 574,609
Net Purchases and Sales	-	581,000
Transfers to Level 2	(540,330)	(549,254)
Unrealized Loss	-	(66,025)
Corporate Bonds, End of Year	\$ -	\$ 540,330

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 6. Fair Values of Financial Instruments (Continued)

Investments in Certain Entities that are Measured at NAV Per Share as a Practical Expedient

The FASB issued a standards update pertaining to *Fair Value Measurements and Disclosures for Investments in Certain Entities that Calculate NAV per Share*. Fair values of certain investments are determined by the use of calculated NAV per ownership share.

The Foundation's investments at June 30, 2019 that feature NAV per share consists of one hedge fund with a carrying value of \$670,618. The fund is a multi-strategy fund which combines hedged funds with private investments. There are no unfunded commitments. Redemption requests can be made quarterly with ninety (90) days written notice, but approvals are at the sole discretion of the fund's Board of Directors, and are limited to twenty percent (20%) of the ownership units per quarter.

Note 7. Funds Held in Custody

Under agreements with the University, the Foundation holds and manages funds received by the University as state matching funds for the accounts of the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs. Also, under an agreement with the University, the Foundation holds and manages the donated and state matching funds for the University.

As of June 30, 2019 and 2018, the funds held in custody are as follows:

	2019	2018
State Funds Held in Custody	\$ 4,008,608	\$ 3,907,977
University Endowments Held in Custody	7,010,259	6,922,135
Total Funds Held in Custody	\$ 11,018,867	\$ 10,830,112

Note 8. Demand Note Payable

Demand note payable consist of a note payable to United Community Bank bearing interest at 5.75%. Payments of principal and interest totaling \$46,665 are due quarterly with a final payment of \$708,163 due at maturity on May 1, 2023. The note is secured by a continuing security interest in any and all funds on deposit or certificates of deposit held at the Lender, and certain investment securities. As of June 30, 2019 and 2018, the outstanding balances were \$1,186,205 and \$1,299,518, respectively.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 9. Notes Payable to Related Parties

Notes payable to related parties consist of loans from two board members, which were made to provide the funding needed for the furnishing of certain kitchen and culinary equipment necessary to complete the four teaching kitchens at the Chef John Folse Culinary Institute. The notes bear no interest and have no maturity date or repayment schedule. No assets have been pledged as collateral and the lenders waived any rights to seek repayment from the assets of the Foundation. The University and the Chef John Folse Culinary Institute have entered into a Memorandum of Agreement with the Foundation under which the parties pledge to continue fundraising efforts until the loans are repaid. During the year ended June 30, 2019, the board members entered into agreements with the Foundation forgiving the entire balance due on the loans. The loan forgiveness was recorded as revenue without donor restrictions for the year ended June 30, 2019.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2019 and 2018:

	2019	2018
Subject to Expenditure for Specified Purpose		
Buildings and Athletic Facilities	\$ 2,132,746	\$ -
Business Capstone Funds	475,346	475,346
Institutional Advancement	347,457	309,973
Other University Departments and Projects	3,583,147	2,190,881
Total Subject to Expenditure for Specified Purpose	<u>6,538,696</u>	<u>2,976,200</u>
Endowment Funds		
Endowment Funds Restricted in Perpetuity for the Following Purposes		
Endowed Chairs, Professorships, and 1 st Generation Scholarships	4,880,000	4,800,000
Scholarships	3,792,981	3,398,295
	<u>8,672,981</u>	<u>8,198,295</u>
Accumulated Gains on Endowments	2,061,121	2,127,632
Total Endowment Funds	<u>10,734,102</u>	<u>10,325,927</u>
Total Net Assets With Donor Restrictions	<u>\$ 17,272,798</u>	<u>\$ 13,302,127</u>

Note 11. Net Assets Released from Restrictions

Net assets are released from restrictions by incurring expenses that satisfy the restricted purpose or by the expiration of time. Net assets released from restrictions for the year ended June 30, 2019 included the endowment income transferred totaling \$478,669 and other expenses totaling \$1,486,845. Net assets released from restrictions for the year ended June 30, 2018 included the endowment income transferred totaling \$925,921 and other expenses totaling \$3,083,232.

Notes to Financial Statements

Note 12. Endowments

Endowments consist of individual funds established by donors to provide annual funding for scholarships and other activities.

Interpretation of Relevant Law

The Foundation accounts for donor-restricted funds consistent with the provisions of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of Louisiana and the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs Statement of Investment Policy and Objectives established by the Louisiana Board of Regents. The Foundation seeks to preserve the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund,
- 2) The purposes of the Foundation and the donor-restricted endowment fund,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and the appreciation of investments,
- 6) Other resources of the Foundation, and
- 7) The investment policies of the Foundation and the Board of Regents.

Investment and Spending Policies

The primary financial objective of the endowments is to be a source of funds provided through return on the invested capital for the current and future support of University programs. The long-term objective is to attain an annual return at or above the level of spending. Annual spending of up to five percent of the market value of program assets averaged on a consistent basis for the five most recent fiscal trust fund years is allowed, provided that the market value of program assets at the end of the most recent fiscal fund year exceeds the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal fund year for which a spending allocation is to be made. When the current market value of program assets is below the original corpus of the endowment, no spending is allowed.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 12. Endowments (Continued)

Strategies Employed for Achieving Objectives

To achieve the long-term investment objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized), and current yield (interest and dividends). The Foundation targets an appropriately diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The composition and changes in donor-restricted endowments funds for the years ended June 30, 2019 and 2018 are as follows:

	With Donor Restrictions	
	2019	2018
Beginning Balance	\$ 11,797,354	\$ 10,950,219
Investment Return, Net	448,663	562,969
Contributions	1,210,835	1,210,087
Released from Restrictions	(478,669)	(925,921)
Ending Balance	\$ 12,978,183	\$ 11,797,354

Note 13. Subsequent Events

The Foundation completed its subsequent events review through September 21, 2020, the date on which the financial statements were available to be issued and determined that the following matter requires disclosure:

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern," and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Foundation, to date, the Foundation has experienced a decrease in market value of its holdings of 3% as of July 31, 2020.

It is reasonably possible that the Foundation is vulnerable to the risk of a near-term severe impact. Additionally, it is reasonably possible that estimates made in the financial statements have been or will be materially and adversely impacted in the near term as a result of these conditions, including continued losses on investments.

No further subsequent events occurring after September 21, 2020 have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Schedules of Funds Held in Custody
For the Years Ended June 30, 2019 and 2018

Schedule 1

	2019	2018
State Funds Held in Custody		
Agnes H. Candies Professorship	\$ 49,665	\$ 49,120
American Association of Drilling Engineers Professorship	49,160	48,494
Bell South Culinary Professorship	49,529	48,952
Bell South/Brady, Miller, Theriot, Callais Professorship	48,941	48,223
Bell South/Picou Professorship	48,560	47,751
Bell South/Picou Professorship #2	49,004	48,301
Bonnie Bourg Professorship	49,582	49,018
Capital One Professorship	48,024	47,086
Cenac Towing Chair	513,066	511,542
CETFE Geomatic/Surveying Professorship	49,263	48,622
Clarence J. Riviere Professorship	50,299	49,906
Durel Matrin Professorship	49,969	47,453
Harvey Peltier, Sr. Professorship	50,355	49,976
Maxine Giardina Professorship	49,074	48,388
Morris and Sandy Hebert Professorship	50,192	49,773
Jimmy and Glenny Lee Buquet Professorship	47,278	46,163
McIlhenny Professorship	47,968	47,016
Minor J. Cheramie Professorship	52,762	48,589
Orleans A. Pitre Professorship	57,966	53,946
Otto Candies Maritime Professorship	271,448	274,254
Otto Candies Family Business Professorship	137,386	139,187
Otto Candies 500 Business Professorship	137,955	139,328
T. Baker Smith Professorship	49,503	48,919
T. Shepard Endowed Professorship	49,835	49,331
1st Generation Scholarship	56,526	54,214
J Maselli Professorship	48,133	47,221
B Raziano Professorship	48,009	47,069
R E Miller Professorship	48,812	48,063
Goldring Foundation Professorship	49,498	48,913
Gueydan Professorship	50,014	49,553
Henry & Kim Lafont 1st Generation Scholarship	54,901	52,687
Harold Callais Professorship	248,305	245,575
Paul Callais Professorship	123,461	121,932
Peter Callais Professorship	123,480	121,953
Nolen Professorship	47,482	46,415
George Picou Professorship	53,839	51,714
Swanner 1st Generation Scholarship	56,774	54,430
Danos 1st Generation Scholarship	53,137	50,071
B & J Bollinger Scholarship	54,986	51,422
Danos Family Nursing Scholarship	44,812	43,714
R & C Cheramie Scholarship	54,379	51,396
Jack Cenac Scholarship	47,366	45,625
Jock Cenac Scholarship	48,186	46,393
Stephen & Rebecca Hulbert Scholarship	46,234	44,266
Gloria Callais Professorship	47,909	44,722
Michael & Christine Bourgeois 1st Generation Scholarship #2	51,263	47,883
R & J Bartels 1st Generation Scholarship	47,350	45,563
Harold Callais 1st Generation Scholarship	46,456	44,039
Burguieres 1st Generation Sholarship	45,335	43,213

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Schedules of Funds Held in Custody (Continued)
For the Years Ended June 30, 2019 and 2018

Schedule 1

	2019	2018
State Funds Held in Custody (Continued)		
J & T Sanford 1st Generation Scholarship	48,651	47,207
John Brady Jr. Professorship	47,644	46,396
Alfred Delahaye Professorship	46,611	45,229
Mitch Hebert 1st Generation Scholarship	46,791	45,403
Michael & Christine Bourgeois 1st Generation Scholarship #2	48,282	45,900
Wayne Patten Endowed Professorship #1	48,599	45,229
Wayne Patten Endowed Professorship #2	48,599	45,229
Sister Mary Bienvue	20,000	-
Total State Funds Held in Custody	4,008,608	3,907,977
University Funds Held in Custody		
Argent Bank Endowed Professorship in Business Administration	131,809	132,837
Belle & Leonard Toups Chair in English	1,201,253	1,182,819
Betsy Ayo Endowed Professorship in Accounting and Business Law	128,984	129,316
Boysie Bollinger Super Endowed Professorship in Business	605,764	597,809
Andie Bollinger Endowed Professorship in Business	307,607	304,790
Charlotte Bollinger Endowed Professorship in Business	300,947	296,495
Contractor's Educational Trust Fund Endowed Professorship in Manufacturing Technology	266,351	269,073
Entergy Endowed Professorship in Computer Science	171,074	159,648
Entergy Endowed Professorship in Information Systems	136,700	128,190
Gerald Gaston Endowed Professorship in the College of Business Administration	127,615	127,611
Jerry Ledet Foundation Endowed Professorship in Environmental Biology	119,912	118,016
Lorio Foundation Endowed Professorship in Fine Arts	113,718	111,185
Lorio Foundation Endowed Professorship in Language and Literature	114,009	111,458
Lorio Foundation Endowed Professorship in Nursing	123,454	115,640
Lorio Foundation Endowed Professorship in Physical Science	114,163	111,601
Peltier Foundation Endowed Professorship in College of Business Administration	120,939	119,295
Terrebonne General Medical Center Founding Physicians Endowed Professorship in Nursing and Allied Health	313,746	312,437
Terrebonne General Medical Center Devoted Volunteers Endowed Professorship in Nursing and Allied Health	307,350	304,470
Terrebonne General Medical Center Compassionate Staff Endowed Professorship in Nursing and Allied Health	322,908	320,898
Terrebonne General Medical Center Faithful Sisters Endowed Professorship in Nursing and Allied Health	306,609	303,546
Thibodaux Hospital and Health Center Endowed Professorship in Nursing	137,050	139,363
John Brady, Sr. and Pat Brady Endowed Professorship in Computer Science	633,048	631,794
John Brady, Sr. and John Brady Jr. Endowed Professorship in Biological Sciences	638,880	639,057
John C. Daigle Endowed Professorship in Free Enterprise	124,554	123,798
Donald Peltier Endowed Professorship	141,815	130,989
Total University Funds Held in Custody	7,010,259	6,922,135
Total Funds Held in Custody	\$ 11,018,867	\$ 10,830,112

**NICHOLLS STATE
UNIVERSITY FOUNDATION, INC.**

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Year Ended June 30, 2019



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Nicholls State University Foundation, Inc. (the Foundation) and prescribed by the Louisiana Board of Regents, solely to assist you in evaluating the Foundation's compliance with the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs' policies and objectives for the year ended June 30, 2019. The Foundation's management is responsible for the Foundation's accounting records. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and the associated findings are as follows:

1. Verify that the Foundation's Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs' assets have been managed in compliance with the provisions set forth in the Louisiana Board of Regents' Statement of Investment Policy and Objectives.

Results: No exceptions were found as a result of applying the procedure.

2. Verify that the annual financial reports for the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs submitted to the Louisiana Board of Regents were accurate and agreed to the accounting records of the Foundation.

Results: The Foundation does not hold any private debt or equity securities and is in compliance with the Statement of Investment Policy and Objectives, but the reports submitted to the Louisiana Board of Regents incorrectly include amounts in private debt/equity in excess of the percentage allowed.

3. Select a sample of disbursements from the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs and verify that the proceeds were used in accordance with program policies.

Results: No exceptions were found as a result of applying the procedure.

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4. Verify that the investment earnings generated from pooled assets involving the Endowed Chair, Endowed Professorship, or Endowed Scholarship Programs have been properly allocated in accordance with the Louisiana Board of Regents Statement of Investment Policy and Objectives.

Results: No exceptions were found as a result of applying the procedure.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the accounting records. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Nicholls State University Foundation, Inc. and the Louisiana Board of Regents, and is not intended to be, and should not be used by anyone other than those specified parties.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Houma, LA
September 21, 2020