

Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

Financial Statements
and Independent Auditor's Report
Year Ended June 30, 2024

Nicholls State University Foundation, Inc.
Financial Statements and
Independent Auditor's Report
Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nicholls State University Foundation, Inc. (the Foundation) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and 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 accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Funds Held in Custody as of June 30, 2024 on pages 22-24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and

relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Funds Held in Custody is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script, appearing to read "Martin and Kelly".

Houma, Louisiana
June 4, 2025

FINANCIAL STATEMENTS

Nicholls State University Foundation, Inc.

Statement of Financial Position

June 30, 2024

ASSETS

Cash and cash equivalents	\$ 6,772,687
Interest receivable	61,571
Other receivables	71,511
Restricted cash - endowments	1,468,393
Investments	24,658,259
Promises to give, net	4,506,966
Antique collection	<u>75,830</u>
TOTAL ASSETS	<u><u>\$ 37,615,217</u></u>

LIABILITIES AND NET ASSETS

Line of credit	\$ 1,079,968
Accounts payable	637,364
Note payable	510,415
Funds held in custody	
State funds	3,617,376
University funds	<u>5,978,546</u>
Total liabilities	<u>11,823,669</u>
Net assets	
Without donor restrictions	(702,467)
With donor restrictions	<u>26,494,015</u>
Total net assets	<u>25,791,548</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 37,615,217</u></u>

See accompanying notes.

Nicholls State University Foundation, Inc.
Statement of Activities
Year Ended June 30, 2024

	Without Restrictions	With Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 1,670,696	\$ 8,384,140	\$ 10,054,836
Investment return, net	48,894	713,408	762,302
Athletic association revenues	-	746,909	746,909
Interest income	67,966	-	67,966
Net assets released from restrictions	4,923,169	(4,923,169)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>6,710,725</u>	<u>4,921,288</u>	<u>11,632,013</u>
FUNCTIONAL EXPENSES			
Program services	6,210,937	-	6,210,937
Supporting services			
Management and general	606,335	-	606,335
Fundraising	82,007	-	82,007
TOTAL FUNCTIONAL EXPENSES	<u>6,899,279</u>	<u>-</u>	<u>6,899,279</u>
INCREASE (DECREASE) IN NET ASSETS	(188,554)	4,921,288	4,732,734
NET ASSETS, BEGINNING OF PERIOD	<u>(513,913)</u>	<u>21,572,727</u>	<u>21,058,814</u>
NET ASSETS, END OF PERIOD	<u><u>\$ (702,467)</u></u>	<u><u>\$ 26,494,015</u></u>	<u><u>\$ 25,791,548</u></u>

See accompanying notes.

Nicholls State University Foundation, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services					Supporting Services			
	Endowed Chairs, Professorships, and 1st Generation Scholarships	Colonel's Athletic Association	BALANCED Media	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants to university	\$ 976,691	\$ 1,802,423	\$ 1,250,000	\$ 2,166,155	\$ 6,195,269	\$ -	\$ -	\$ -	\$ 6,195,269
Contracted services	-	-	-	-	-	126,326	-	126,326	126,326
Professional services	-	-	-	-	-	112,195	-	112,195	112,195
Interest	-	-	-	-	-	105,096	-	105,096	105,096
Salaries and benefits	-	-	-	-	-	104,918	-	104,918	104,918
Postage	-	-	-	-	-	1,466	62,820	64,286	64,286
Information technology	-	-	-	-	-	63,083	-	63,083	63,083
Other	15,668	-	-	-	15,668	3,488	16,573	20,061	35,729
Bank and credit card fees	-	-	-	-	-	26,840	-	26,840	26,840
Donations	-	-	-	-	-	22,866	2,614	25,480	25,480
Meals and entertainment	-	-	-	-	-	22,643	-	22,643	22,643
Payroll taxes	-	-	-	-	-	6,257	-	6,257	6,257
Office	-	-	-	-	-	5,565	-	5,565	5,565
Insurance	-	-	-	-	-	3,959	-	3,959	3,959
Rent	-	-	-	-	-	1,103	-	1,103	1,103
Dues, subscriptions, and membership	-	-	-	-	-	400	-	400	400
Travel	-	-	-	-	-	130	-	130	130
Total Expenses	<u>\$ 992,359</u>	<u>\$ 1,802,423</u>	<u>\$ 1,250,000</u>	<u>\$ 2,166,155</u>	<u>\$ 6,210,937</u>	<u>\$ 606,335</u>	<u>\$ 82,007</u>	<u>\$ 688,342</u>	<u>\$ 6,899,279</u>

See accompanying notes.

Nicholls State University Foundation, Inc.

Statement of Cash Flows
Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets (note 14)	\$ 4,732,734
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Prior period adjustment	312,531
Proceeds of contributions restricted for endowment purposes	1,293,643
Net gain from investments	(606,375)
(Increase)/decrease in operating assets:	
Promises to give	(2,159,470)
Interest receivable	(15,502)
Other assets	568,079
Increase/(decrease) in operating liabilities:	
Accounts payable	615,332
Funds held in custody	<u>(180,734)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 4,560,238

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales of investments	8,176,007
Purchase of investments	<u>(8,622,005)</u>

NET CASH USED IN INVESTING ACTIVITIES (445,998)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayments on line of credit, net of advances	(1,433,736)
Principal payments of long-term debt	(153,258)
Endowment fund contributions	<u>(1,293,643)</u>

NET CASH USED IN FINANCING ACTIVITIES (2,880,637)

NET INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH 1,233,603

BEGINNING CASH AND CASH EQUIVALENTS 7,007,477

ENDING CASH AND CASH EQUIVALENTS \$ 8,241,080

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid during the year for interest	<u><u>\$ 105,096</u></u>
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See accompanying notes.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Nature of the Foundation – 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.

- B. Basis of Presentation – The financial statements are prepared on the accrual basis of accounting under the financial reporting framework of the Financial Accounting Standards Board (“FASB”) in its Accounting Standards Codification, Financial Statements of Not-for-Profit Organizations.
- C. Cash and Cash Equivalents – For purposes of the statement of cash flows, the Foundation considers all unrestricted cash and highly liquid investments with initial maturities of three months or less to be cash equivalents.
- D. 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 having 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.
- E. Promises to Give and Contributions – Contributions are recognized as revenues when cash, securities, other assets, unconditional promises to give, or notification of a beneficial interest is received. Conditional contributions are recognized as revenue when the conditions are substantially met.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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 is included in contribution revenue in the statements of activities. After adoption of FASB ASC 326-20 Financial Instruments – Credit Losses on July 1, 2023, management determines the allowance using an estimate of expected credit losses, applied to donor groupings with similar risk characteristics, based on historical experience, current economic conditions and certain forward-looking information. Account balances are written off against the established allowance when management determines it is probable promises to give will not be collected. As of June 30, 2024, no allowance was deemed necessary.

The Foundation accounts for a contract with a customer when it has written approval, the contract is committed, the rights of the parties, including payment terms, are identified, and the contract has commercial substance and consideration is probable of collection. Revenue is recognized when, or as, control of a promised service transfers to a customer, in an amount that reflects the consideration to which the Foundation expects to be entitled in exchange for transferring those services.

The Foundation earns revenues from customers for exchange transactions for services provided by various special fundraising events, memberships, and sports events.

Contracts typically require the completion of a defined service and billing for completed services are based on actual amounts. The Foundation satisfies the performance obligation and recognizes revenue at a point in time. Revenues obtained through such arrangements are typically billed and recognized when the service has been delivered. This results in revenue recognition that corresponds with the value to the client of the services transferred to date. The Foundation historically collects revenues before or at the time when the transaction is entered into. Revenues received in advance of providing the services are deferred and recognized as revenue as the services are provided.

- F. Other Receivables – Other receivables primarily consists of amounts expected to be received from third-party entities that do not meet the definition of promises to give.
- G. Antique Collection – The Foundation holds an antique collection which consists of antique furniture, dinnerware, paintings, and other household items donated to the Foundation.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

H. 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.

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

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. 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 stipulations that may or will be met, either by actions of the Foundation and/or the passage of time. 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restrictions.

J. Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration (underwater). It is not customary for the Foundation to spend from underwater endowments unless otherwise directed by the donor. There were no such deficiencies as of June 30, 2024.

K. 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.

L. Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs, supporting services benefited, and fundraising. Expenses that can be identified with a specific program, support service, and fundraising are allocated directly according to their natural expenditure

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

classification. Other expenses that are common to several functions are allocated by management. Principal programs include:

- Endowed Chairs, Professorships, and 1st Generation Scholarships – This program provides a way for Nicholls to attract and retain highly qualified faculty and to draw students of high academic skills, personal merit and/or financial need.
- Colonel Athletic Association (CAA) – This program is the primary fundraising arm for Nicholls State University's athletic department.
- BALANCED Media – This program provides technology solutions for various projects, including the Coastal Center at Nicholls State University, focusing on coastal erosion, restoration, and regional economic interests.
- Other Program Services – These include smaller programs that do not fall under the three categories above.

M. Income Taxes – Nicholls State University Foundation, Inc. is a not-for-profit, public charity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 170(b)(1)(A)(iv) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

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.

- N. Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- O. Reclassifications – Certain balances from the prior year financial statement classifications have been reclassified to conform to the current year financial statement presentation. Such reclassifications had no effect on the previously reported change in net assets.

NOTE 2 – UNCERTAIN INCOME TAXES

The Foundation's 2023 tax return was filed appropriately. The Foundation recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Foundation's tax filings are subject to audit by various taxing authorities. The Foundation's open audit period is 2020 to 2023. Management has evaluated the Foundation's tax position and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 3 – 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.

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.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 3 – FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont.)

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2024:

	Total	Level 1	Level 2	Level 3
Equities	\$ 12,080,624	\$ 12,080,624	\$ -	\$ -
Mutual funds				
Money market	1,245,093	1,245,093	-	-
Domestic equities	2,136,181	2,136,181	-	-
Fixed income	959,849	959,849	-	-
Debt securities				
Corporate bonds	2,974,517	2,974,517	-	-
United States Treasury obligations	3,140,083	-	3,140,083	-
Mortgage-backed securities	1,858,370	-	1,858,370	-
Obligations of states and municipal governments	268,313	-	268,313	-
Hedge funds and alternatives				
Equity - long/short	1,221,366	-	-	-
Multi-strategy	4,869	-	-	-
	<u>\$ 25,889,265</u>	<u>\$ 19,396,264</u>	<u>\$ 5,266,766</u>	<u>\$ -</u>

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.

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 that feature NAV per share consists of hedge funds with carrying values of \$1,226,235 as of June 30, 2024. The majority of the funds are public-equity funds which strategize for maximum capital appreciation. There are no unfunded commitments. Redemption requests can be made quarterly, but approvals are at the sole discretion of the fund's Board of Directors. Additionally, there is a maximum share repurchase limit for each quarterly offering, which the fund may only exceed by a maximum of 2% of outstanding shares beyond the repurchase limit.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 4 – CONCENTRATION OF CREDIT RISK

Nicholls State University Foundation, Inc. maintains its cash in multiple financial institutions, primarily located in Louisiana. The Federal Deposit Insurance Corporation (FDIC) insures the balances up to \$250,000 at these institutions. Cash at these institutions exceeded federally insured limits by \$1,206,806 as of June 30, 2024. Money market mutual funds included in cash equivalents and restricted cash totaled \$6,882,663 as of June 30, 2024. These amounts were uninsured.

NOTE 5 – 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 as of June 30, 2024, is as follows:

Equities	12,080,624
Mutual funds	4,341,123
Debt securities	
Corporate bonds	2,974,517
United States Treasury obligations	3,140,083
Mortgage-backed securities	1,858,370
Obligations of states and municipal governments	268,313
Hedge funds and alternatives	<u>1,226,235</u>
	<u>\$ 25,889,265</u>

Alternative investments include hedge funds managed by external advisors, which utilize a variety of financial instruments in their trading strategies, including equity and debt securities of both U.S. and foreign issuers, public and non-public, as well as a variety of derivative instruments. Such investments are not readily marketable and are reported at net asset value per ownership share, which approximates fair value.

NOTE 6 – 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.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 6 – PROMISES TO GIVE (Cont.)

Promises to give for the year ended June 30, 2024 are expected to be realized as follows, based on the terms of the underlying agreements:

In one year or less	\$ 1,104,000
Between one year and five years	2,606,425
Beyond five years	<u>1,550,000</u>
	5,260,425
Less: Discount to present value at 3.43%	<u>(753,459)</u>
Promises to give, net	<u><u>\$ 4,506,966</u></u>

Promises to give for the year ended June 30, 2024 have restrictions as follows:

Facility construction and naming rights	\$3,685,477
Facility construction	623,703
Faculty support	<u>197,786</u>
Total promises to give, net	<u><u>\$ 4,506,966</u></u>

NOTE 7 – LINE OF CREDIT

The Foundation has a line of credit agreement with a bank to aid in cash flow management. The agreement, dated August 3, 2023, includes a borrowing limit of \$1,575,000, an interest rate equal to the Wall Street Journal Prime Index rate (8.50% as of June 30, 2024) on outstanding balances, is secured by certain investment securities held by UBS and certificate of deposit held with the same bank, and matures on August 1, 2025, when all outstanding principal and interest is due. As of June 30, 2024, the outstanding balance was \$1,079,968.

NOTE 8 – DEMAND NOTE PAYABLE

The demand note payable consists of one note payable to a bank bearing interest at 6.00%. Payments of principal and interest totaling \$47,059 are due quarterly with a final payment for the remaining outstanding balance due at maturity on May 23, 2027. 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, 2024, the outstanding balance was \$510,415. Maturities of the note payable are as follows:

<u>June 30,</u>	
2025	\$ 158,826
2026	170,668
2027	<u>180,921</u>
	<u><u>\$ 510,415</u></u>

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 9 – 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, 2024, the state funds held in custody totaled \$3,617,376, and the University Endowments totaled \$5,978,546.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2024 relate to:

Buildings & Athletic Facilities	\$ 1,659,976
Other University Departments and Projects	8,730,264
Endowed Chairs, Professorships, and 1st Generation Scholarships	5,576,395
Other Endowed Scholarships	10,300,147
Other Scholarships	<u>227,233</u>
	<u><u>\$ 26,494,015</u></u>

NOTE 11 – 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.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 11 – ENDOWMENTS (Cont.)

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.

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.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 11 – ENDOWMENTS (Cont.)

The endowment fund net asset composition by type of fund as of June 30, 2024 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowments			
Endowed scholarships	\$ -	\$ 9,224,709	\$ 9,224,709
Endowed chairs, professorships, and 1st generation scholarships	-	5,576,395	5,576,395
Mary Danos Theater maintenance	-	1,075,438	1,075,438
Board-designated endowments			
Institutional advancement	818,771	-	818,771
	<u>\$ 818,771</u>	<u>\$ 15,876,542</u>	<u>\$ 16,695,313</u>

The changes in donor-restricted endowments funds for the year ended June 30, 2024 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets of of July 1, 2023	\$ 788,326	\$ 14,508,065	\$ 15,296,391
Investment return, net	48,893	660,925	709,818
Contributions	12,362	1,293,643	1,306,005
Appropriated for expenditure	<u>(30,810)</u>	<u>(586,091)</u>	<u>(616,901)</u>
Endowment net assets of of June 30, 2024	<u>\$ 818,771</u>	<u>\$ 15,876,542</u>	<u>\$ 16,695,313</u>

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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 11 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.

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Cont.)

The following reflects the Foundation's financial assets as of June 30, 2024, reduced by any amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations:

Financial assets	June 30, 2024
Cash and cash equivalents	\$ 6,772,687
Accrued interest receivable	61,571
Other receivables	71,511
Restricted cash - endowments	1,468,393
Investments	24,658,259
Promises to give, net	4,506,966
Total financial assets	37,539,387
Less those unavailable for general expenditures within one year:	
Interest receivable on purpose restricted investments	(47,508)
Board designated endowments	(818,771)
Amounts held in support of university organizations	(4,012,854)
Promises to give, restricted by donor for purpose	(4,506,966)
Funds held in custody of others	(9,595,922)
Amounts invested with donor restriction	(16,876,542)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,680,824

Note 13 – COMMITMENTS

Balanced Media Technology

The Foundation executed a Master Services Agreement with Balanced Media Technology, L.L.C. (Balanced Media), dated August 29, 2022. Under the terms of the agreement, the Foundation committed to a total investment of \$4,500,000. Balanced Media will develop and provide to the Foundation artificial intelligence and machine learning systems for multiple pilot projects which are intended to benefit a variety of programs across Nicholls State University, including the Nicholls Coastal Center, and function as an alternative source of revenues. At the time of the agreement, the Foundation also entered into a Cooperative Agreement with the Lafourche Parish Government, which agreed to reimburse the Foundation for \$1,500,000 of costs incurred to engage Balanced Media. As of June 30, 2024, Lafourche Parish Government

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

Note 13 – COMMITMENTS (Cont.)

had fulfilled its funding commitment. As of June 30, 2024, the Foundation has a total remaining unfunded commitment of \$2,350,000, of which \$600,000 is included in accounts payable. During the year ended June 30, 2024, the Foundation incurred net unreimbursed expenses related to the Balanced Media Contract in the total amount of \$1,250,000.

During the year ended June 30, 2023, the Foundation incurred \$1,220,000 in costs from Balanced Media and was reimbursed \$500,000 from the Lafourche Parish Government. During the year ended June 30, 2024, the Foundation incurred \$1,530,000 in costs from Balanced Media and collected \$1,000,000 from the Lafourche Parish Government, of which, \$720,000 was accrued during the prior period. All revenues recorded for receipts from Lafourche Parish Government as reimbursements have been eliminated against the corresponding expenses incurred associated with the Balanced Media projects. During the year ended June 30, 2024, net expense incurred from Balanced Media totaled \$1,250,000.

Blackbaud

The Foundation renewed an agreement with Blackbaud, Inc. dated August 24, 2024 for subscriptions to various services associated with its cloud-based fundraising and accounting platforms. The agreement lasts five years and bills the Foundation annually at fixed amounts. The Foundation is committed to \$275,112 in total payments over the life of the agreement.

Note 14 – PRIOR PERIOD ADJUSTMENTS

Adjustments have been made to beginning net assets for prior period corrections and reclassification of net assets associated with the Colonel Athletic Association. Adjustments are summarized below:

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>
Net assets as previously reported	\$ (1,437,806)	\$ 22,184,089
Adjust to actual per previously reported increase (decrease) in net assets	(1,450,177)	1,450,177
Reclassify Colonel Athletic Association net assets as restricted	1,273,213	(1,273,213)
Reclassify Board designated funds as unrestricted	788,326	(788,326)
Corrections to prior period expense	312,531	-
Beginning net assets, restated	<u>\$ (513,913)</u>	<u>\$ 21,572,727</u>

Nicholls State University Foundation, Inc.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 4, 2025, which is the date that the financial statements were available to be issued. No events occurring after this date have been evaluated for inclusion in these financial statements.

The Foundation filed incorporation documents for Nicholls State University Private Investment Corporation on August 15, 2024. The primary purpose of establishing the corporation is to participate in the State Small Business Credit Initiative Seed Capital project, where the University was approved for a \$5 million grant upon raising a one-for-one private match, and to mitigate risks associated with the funds being commingled with the Foundation's assets and status as a 501(c)3 organization.

The Foundation made material subsequent disbursements to fund fabrication work related to the Nicholls State University Coastal Center's Office of Coastal Support. Disbursements totaled \$400,000 and was primarily funded by purpose-restricted contributions specifically to support the Coastal Center.

SUPPLEMENTARY INFORMATION

Nicholls State University Foundation, Inc.

Schedules of Funds Held in Custody

June 30, 2024

State Funds Held in Custody

American Association of Drilling Engineers Professorship	\$	42,085
Agnes H. Candies Professorship		43,743
Bell South Culinary Professorship		44,416
Bell South/Brady, Miller, Theriot, Callais Professorship		44,102
Bell South/Picou Professorship		41,793
Bell South/Picou Professorship #2		43,731
Bonnie Bourg Professorship		43,686
Jimmy and Glenny Lee Buquet Professorship		45,154
Otto Candies Maritime Professorship		221,607
Otto Candies Family Business Professorship		118,548
Otto Candies 500 Business Professorship		111,879
Capital One Professorship		50,820
Cenac Towing Chair		430,208
CETFE Geomatic/Surveying Professorship		42,130
Minor J. Cheramie Professorship		45,231
Durel Martin Professorship		42,534
Maxine Giardina Professorship		42,917
Morris and Sandy Hebert Professorship		42,557
J Maselli Professorship		41,958
McIlhenny Professorship		41,952
R E Miller Professorship		41,981
Harvey Peltier, Sr. Professorship		42,606
Orleans A. Pitre Professorship		46,707
B Raziano Professorship		41,953
Clarence J. Riviere Professorship		42,582
T. Shepard Endowed Professorship		42,379
T. Baker Smith Professorship		42,234
Harold Callais Professorship		211,517
Paul Callais Professorship		105,459
Peter Callais Professorship		105,463
Gueydan Professorship		43,169
Goldring Foundation Professorship		42,232
Nolen Professorship		41,935
Danos Family Nursing Scholarship		43,233
Gloria Callais Professorship		41,967
John Brady Jr. Professorship		42,991
Alfred Delahaye Professorship		41,902
Wayne Patten Endowed Professorship #1		47,643
Wayne Patten Endowed Professorship #2		45,818
Sister Mary Bienvue		21,865
1st Generation Scholarship		53,994
Henry & Kim Lafont 1st Generation Scholarship		53,972

See independent auditor's report.

Nicholls State University Foundation, Inc.
Schedules of Funds Held in Custody (Cont.)
June 30, 2024

State Funds Held in Custody (Continued)

George Picou Professorship	52,364
Swanner 1st Generation Scholarship	54,785
Danos 1st Generation Scholarship	54,716
B & J Bollinger Scholarship	59,869
R & C Cheramie Scholarship	57,527
Jack Cenac Scholarship	42,260
Jock Cenac Scholarship	43,496
Stephen & Rebecca Hulbert Scholarship	43,668
R & J Bartels 1st Generation Scholarship	46,022
Harold Callais 1st Generation Scholarship	48,979
Burguieres 1st Generation Scholarship	46,366
Michael & Christine Bourgeois 1st Generation Scholarship #1	56,396
J & T Sanford 1st Generation Scholarship	47,081
Michael & Christine Bourgeois 1st Generation Scholarship #2	52,556
Mitch Hebert 1st Generation Scholarship	42,940
Abdon Callais Scholarship	20,809
Jeanne P. Murphy Professorship	22,889

Total State Funds Held in Custody

3,617,376

University Funds Held in Custody

Argent Bank Endowed Professorship in Business Administration	105,583
Andie Bollinger Endowed Professorship in Business	257,019
Charlotte Bollinger Endowed Professorship in Business	256,847
Boysie Bollinger Super Endowed Professorship in Business	513,807
Belle & Leonard Touns Chair in English	272,819
Betsy Ayo Endowed Professorship in Accounting and Business	104,823
Gerald Gaston Endowed Professorship in the College of Business Administration	110,069
Entergy Endowed Professorship in Computer Science	183,718
Thibodaux Hospital and Health Center Endowed Professorship in Nursing	111,275
Entergy Endowed Professorship in Information Systems	109,534
John C. Daigle Endowed Professorship in Free Enterprise	111,687
Jerry Ledet Foundation Endowed Professorship in Environmental Biology	102,726
John Brady, Sr. and Pat Brady Endowed Professorship in Computer Science	519,039
Lorio Foundation Endowed Professorship in Fine Arts	102,885
Lorio Foundation Endowed Professorship in Language and Literature	103,112
Lorio Foundation Endowed Professorship in Nursing	103,662
Lorio Foundation Endowed Professorship in Physical Science	103,232
Donald Peltier Endowed Professorship	103,100

See independent auditor's report.

Nicholls State University Foundation, Inc.
Schedules of Funds Held in Custody (Cont.)
June 30, 2024

University Funds Held in Custody (Continued)

Terrebonne General Medical Center Founding Physicians Endowed Professorship in Nursing and Allied Health	262,485
Contractor's Educational Trust Fund Endowed Professorship in Manufacturing Technology	213,230
John Brady, Sr. and Pat Brady Endowed Professorship in Biological Sciences	521,532
Peltier Foundation Endowed Professorship in College of Business Administration	105,678
Terrebonne General Medical Center Devoted Volunteers Endowed Professorship in Nursing and Allied Health	262,894
Terrebonne General Medical Center Compassionate Staff Endowed Professorship in Nursing and Allied Health	257,007
Terrebonne General Medical Center Faithful Sisters Endowed Professorship in Nursing and Allied Health	256,996
Belle & Leonard Touns Literary Study	272,819
Belle & Leonard Touns Language Study	272,818
Belle & Leonard Touns Cultural Study	278,150
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Total University Funds Held in Custody	<hr/> 5,978,546
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Total Funds Held in Custody	<hr/> \$ 9,595,922 <hr/>
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See independent auditor's report.

**INDEPENDENT AUDITOR'S REPORT ON APPLYING
AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below related to Nicholls State University Foundation Inc.'s (the Foundation) compliance with the Louisiana Board of Regents' Statement of Investment Policy and Objectives governing the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs for the year ended June 30, 2024. The Foundation is responsible for compliance with the Louisiana Board of Regents' Statement of Investment Policy and Objectives.

The Foundation's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to assist users in determining whether the entity complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and 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: We determined that the annual financial reports submitted to the Louisiana Board of Regents included inaccuracies for the University's endowment allocated expenditures during the Fall 2024 and Spring 2025 semesters. Although, the amounts reported were not accurate, we did not identify any violations of the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs spending policy.

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.

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.

We were engaged by the Foundation's management to perform this agreed-upon procedures engagement and conducted our engagement 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 Foundation's compliance with the Louisiana Board of Regents' Statement of Investment Policy and Objectives. 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.

We are required to be independent of the Foundation's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Board of Directors and management of the Foundation and the Louisiana Board of Regents and is not intended to be, and should not be, used by anyone other than these specified parties.



Houma, Louisiana

June 4, 2025