EAG Gulf Coast, LLC
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809
T 225.922.4600
F 225.922.4611
www.eisneramper.com

EisnerAmper previously issued the audit report for LSU Foundation for the year ended June 30, 2024 on October 9, 2024. EA is issuing an additional copy of the audit report with the single audit reports and the statewide AUP.

Please reach out if there are any questions.

Megan Gibbens, CPA

EisnerAmper

LSU FOUNDATION

Consolidated Financial Statements With Single Audit Reports

June 30, 2024

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EisnerAmper LLP
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809
T 225.922.4600
F 225.922.4611
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
LSU Foundation
Baton Rouge, Louisiana

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the LSU Foundation (the "Foundation"), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the LSU Foundation as of June 30, 2024 and 2023, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States ("*Government Auditing Standards")*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments to Chief Executive Officer and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of compensation, benefits and other payments to Chief Executive Officer and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024, on our consideration of the LSU Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LSU Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LSU Foundation's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
November 22, 2024

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

A S S E T S

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 39,217,997	$ 27,795,841
Restricted cash	27,014,009	102,827,727
Accrued interest receivable	1,945,989	686,720
Accounts receivable, net	2,080,880	1,263,112
Current portion of unconditional promises to give, net	30,445,451	25,235,987
Other current assets	353,955	141,635
Total current assets	101,058,281	157,951,022
NONCURRENT ASSETS		
Restricted assets:		
Investments	767,851,863	667,094,972
Assets held in split-interest agreements	2,384,586	2,410,285
Beneficial interest in split-interest agreements	2,813,046	2,655,482
Investment in partnership	11,309,353	11,797,005
Unconditional promises to give, net	42,738,629	39,962,901
Property and equipment, net	55,688,641	38,765,291
Right of use asset	149,575	169,338
Other noncurrent assets	1,231,958	1,118,546
Total noncurrent assets	884,167,651	763,973,820
Total Assets	$ 985,225,932	$ 921,924,842

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

LIABILITIES AND NET ASSETS

	2024	2023
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 14,763,746	$ 5,690,719
Current portion of funds held in custody for others	18,009,794	19,758,286
Compensated absences payable and other payroll liabil	601,168	556,623
Current portion of notes payable	529,452	519,557
Current portion operating lease liability	23,667	23,667
Total current liabilities	33,927,827	26,548,852
NONCURRENT LIABILITIES		
Funds held in custody for others, net of current portion	122,443,962	119,009,785
Refundable advances	1,825,894	1,164,277
Operating lease liability, less current portion	119,352	139,115
Notes payable, less current portion	12,470,733	12,988,244
Total noncurrent liabilities	136,859,941	133,301,421
Total liabilities	170,787,768	159,850,273
NET ASSETS		
Without donor restrictions	81,644,337	60,655,285
With donor restrictions	732,793,827	701,419,284
Total net assets	814,438,164	762,074,569
Total Liabilities and Net Assets	$ 985,225,932	$ 921,924,842

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

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Changes in net assets without donor restrictions:		
Contributions	$ 1,412,491	$ 1,086,368
Service fees	1,474,322	1,525,532
Development services agreement	3,200,000	3,200,000
Earnings allocation, net	2,633,774	519,683
Other revenues	23,602,492	7,276,447
	32,323,079	13,608,030
Net assets released from donor restrictions	91,482,706	45,760,272
Total revenues and other support without donor restrictions	123,805,785	59,368,302
Program expenses	85,234,000	41,875,955
Supporting services:		
Management and general	9,346,714	7,917,664
Fundraising	8,236,019	7,727,709
Total expenses	102,816,733	57,521,328
Change in net assets without donor restrictions	20,989,052	1,846,974
Changes in net assets with donor restrictions:		
Contributions	57,175,710	48,807,015
Earnings allocation	65,444,671	51,603,432
Changes in value of split-interest agreements	236,868	42,605
Total revenues with donor restrictions	122,857,249	100,453,052
Net assets released from donor restrictions	(91,482,706)	(45,760,272)
Change in net assets with donor restrictions	31,374,543	54,692,780
Change in net assets	52,363,595	56,539,754
Net assets - beginning of year	762,074,569	705,534,815
Net assets - end of year	$ 814,438,164	$ 762,074,569

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

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	Year ended June 30, 2024			
	Program Services	Management and General	Fundraising	Total
University support	$ 73,389,165	$ -	$ -	$ 73,389,165
Salaries and benefits	-	4,519,012	6,507,505	11,026,517
Office operations	3,295,126	2,049,530	659,879	6,004,535
Meetings and development	2,711,590	66,052	526,241	3,303,883
Professional services	4,147,271	636,076	56,196	4,839,543
Travel	1,210,635	35,135	18,463	1,264,233
Depreciation	109,091	1,795,772	240,111	2,144,974
Dues and subscriptions	257,503	73,981	111,591	443,075
Occupancy	113,619	171,156	116,033	400,808
	$ 85,234,000	$ 9,346,714	$ 8,236,019	$ 102,816,733

	Year ended June 30, 2023			
	Program Services	Management and General	Fundraising	Total
University support	$ 31,905,914	$ -	$ -	$ 31,905,914
Salaries and benefits	55,675	3,798,331	6,189,107	10,043,113
Office operations	2,559,105	2,244,821	493,823	5,297,749
Meetings and development	3,112,076	44,237	480,278	3,636,591
Professional services	2,504,555	664,614	46,905	3,216,074
Travel	1,229,402	6,114	18,848	1,254,364
Depreciation	47,294	889,674	229,759	1,166,727
Dues and subscriptions	232,382	49,828	131,015	413,225
Occupancy	229,552	220,045	137,974	587,571
	$ 41,875,955	$ 7,917,664	$ 7,727,709	$ 57,521,328

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

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received for operations	$ 40,225,538	$ 45,724,062
Service fees, investment advisory fees, and other receipts	29,196,258	13,448,315
Interest and dividends received	9,386,165	4,940,358
Grants paid to benefit Louisiana State University	(68,251,470)	(30,295,729)
Cash paid for supporting services	(17,879,539)	(22,548,903)
Interest paid	(500,125)	(517,661)
Net cash provided by (used in) operating activities	(7,823,173)	10,750,442
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(24,960,972)	(7,573,449)
Proceeds from sales of property and equipment	754,953	-
Purchases of investments	(169,933,437)	(124,455,865)
Proceeds from sales and maturities of investments	127,334,077	163,074,774
Net cash provided by (used in) investing activities	(66,805,379)	31,045,460
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment purposes	8,397,304	4,153,325
Principal payments on notes payable	(507,616)	(498,882)
Increase in amounts held in custody	1,685,685	1,270,049
Net change in refundable advances and deferred revenues	661,617	(897,104)
Net cash provided by (used in) financing activities	10,236,990	4,027,388
Net change in cash and cash equivalents	(64,391,562)	45,823,290
Cash and cash equivalents - beginning of the year	130,623,568	84,800,278
Cash and cash equivalents - end of the year	$ 66,232,006	$ 130,623,568

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF FINANCIAL POSITION

	2024	2023
Cash and cash equivalents	$ 39,217,997	$ 27,795,841
Restricted cash	27,014,009	102,827,727
	$ 66,232,006	$ 130,623,568

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and purpose

The LSU Foundation (the "Foundation") is a non-profit organization which was organized to promote the educational and cultural welfare of the Louisiana State University and Agricultural and Mechanical College and the Louisiana State University Agricultural Center, herein collectively referred to as "the University," by accepting contributions for the purpose of scholarships, academic support, research support, and other designated projects for the benefit of the University.

Consolidation

The Foundation elects all of the members of the LSU Property Foundation's board of directors and, therefore, is considered to have a majority voting interest in the LSU Property Foundation's board. The LSU Property Foundation is the sole member of the LSU Museum, LLC, the Foundation Office Building, LLC, and the Nicholson Gateway Project, LLC.

The Foundation is considered to have a majority voting interest in the LSU Real Estate and Facilities Foundation ("LSU REFF"), a supporting organization of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and the LSU Foundation. LSU REFF is the sole member of the Greenhouse District Project, LLC, Recital Hall, LLC, Hilltop Arboretum Projects, LLC, Geology Field Camp, LLC, Burden Museum and Gardens, LLC, Bengal Village, LLC, Charity Hospital Redevelopment, LLC, University Lakes, LLC, Mobility Transit, LLC, ULS, LLC, Pilots Pointe, LLC, BSL3 Lab, LLC, HPL Fieldhouse, LLC, Utilities Modernization, LLC, HSC-NO Property Redevelopment, LLC, and Choppin Hall Lab, LLC. LSU REFF was the sole member of the LSU-A Student Service Building, LLC, LSU-A Allied Health Facility, LLC, and LSU-A Development, LLC, which were dissolved during the year ended June 30, 2024.

As such, the consolidated financial statements of the Foundation include the accounts of the LSU Foundation, Cook Legacy, LLC, whose sole member is the LSU Foundation, the LSU Property Foundation, those LLCs for which the LSU Property Foundation is the sole member, the LSU Real Estate and Facilities Foundation, and the LLCs for which the LSU Real Estate and Facilities Foundation is the sole member.

All significant intercompany accounts and transactions have been eliminated in consolidation.

1. Summary of Significant Accounting Policies (continued)

Basis of accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The FASB has established the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. Net assets and revenues, expenses, 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 general use and not subject to donor restrictions.

Net assets with donor restrictions - net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature which 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, where the donor stipulates that resources be maintained in perpetuity.

As of June 30, 2024 and 2023, the Foundation's net assets with donor restrictions are restricted for funding chairs and professorships, scholarships and fellowships, academic support and development, capital outlay and improvements, research support, and institutional support programs specified by the donors.

Revenues are reported as increases in net assets without donor restrictions unless 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 restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Foundation reports gifts of land, buildings, equipment, and other assets as revenues without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. The Foundation reports expirations of donors' restrictions when the donated or acquired long-lived assets are placed in service.

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

1. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents

The Foundation considers all highly liquid investments with maturities of three months or less at the date of acquisition to be cash equivalents. Cash and cash equivalents includes treasury securities of approximately $9,800,000 and $24,000,000 at June 30, 2024 and 2023, respectively. Restricted cash represents amounts set aside to fund restrictions imposed by donors.

The Foundation, at times, may have deposits in excess of FDIC insured limits. Management, however, believes the credit risk associated with these deposits is minimal.

Investments

Investments in equity securities with readily determinable fair values and investments in debt securities are recorded at fair value based on quoted market prices. Investments in non-exchange traded debt and equity instruments are valued using independent pricing services or by broker/dealers who actively make markets in these securities.

Investments managed by external advisors include investments in limited partnerships and commingled funds. The majority of these external investments are not readily marketable and are reported at fair value utilizing the most current information provided by the external advisor, subject to assessments that the information is representative of fair value and in consideration of any additional factors deemed pertinent to the fair value measurement. If situations occur where the information provided by the external advisor is deemed to not be representative of fair value as of the measurement date, management evaluates specific features of the investment and utilizes supplemental fair value information provided by the external advisor along with any relevant market data to estimate the investment's fair value.

Fair value is based on a combination of information obtained from independent appraisals and/or one or more industry standard valuation techniques (e.g., income approach, market approach or cost approach). The income approach is primarily based on the investment's anticipated future income using one of two principal methods, the discounted cash flow method or the capitalization method. Inputs and estimates developed and utilized in the income approach may be subjective and require judgment regarding significant matters such as estimating the amount and timing of future cash flows and the selection of discount and capitalization rates that appropriately reflect market and credit risks. The market approach derives investment value through comparison to recent and relevant market transactions with similar investment characteristics. The cost approach is utilized when the cost or the replacement cost amounts are determined to be the best representation of fair value. This method is typically used for newly purchased or undeveloped assets. These values are determined under the direction of, and subject to review by, the Foundation's management.

Dividend, interest, and other investment income is recorded as an increase in net assets with or without donor restrictions depending on donor stipulations.

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

1. Summary of Significant Accounting Policies (continued)

Fair values of financial instruments

The Foundation's financial instruments, excluding investments which are described in Note 2 and split-interest agreements which are recorded at estimated fair value, include cash and cash equivalents and unconditional promises to give. The Foundation estimates that the fair values of all these financial instruments at June 30, 2024 and 2023, do not differ materially from the aggregate carrying values of these financial instruments recorded in the accompanying consolidated statements of financial position.

Contributions

Contributions received are recorded as support with or without donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is met), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Promises to give

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at their realizable value if they are expected to be collected in one year and at their fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for doubtful accounts has been established based on management’s assessment of collectability.

Refundable advances

The Foundation has received contributions that are deemed revocable until spent. The Foundation has outstanding refundable advances of $1,825,894 and $1,164,277, at June 30, 2024 and 2023, respectively.

Property and equipment

Purchased property and equipment is recorded at cost. Property and equipment donated to the Foundation is recorded at its fair value at the date of donation which is then treated as cost. Depreciation is provided over the estimated useful lives, which range from 5 to 25 years, of exhaustible assets, on a straight-line basis. Inexhaustible assets, such as artwork and collections, are not depreciated. These inexhaustible assets are evaluated for impairment.

Funds held in custody for others

The Foundation considers all state matching funds and unexpended income from these funds to be funds held in custody for others. Additionally, amounts held for other LSU affiliated foundations and liabilities associated with charitable gift annuities and charitable remainder trusts are also reported as funds held in custody for others. All funds held in custody are recorded in the consolidated statements of financial position at their estimated fair market values.

1. Summary of Significant Accounting Policies (continued)

Split-interest agreements

The Foundation is the beneficiary of various charitable gift annuities. Charitable gift annuities are arrangements between a donor and an organization in which the donor contributes assets to the organization in exchange for a promise by the organization to pay a fixed amount for a specified period of time to the donor or other parties designated by the donor. The assets received are recorded at fair value and reported as assets held in split-interest agreements on the consolidated statements of financial position. When the annuity is initially executed, the difference between the fair value of assets received and the present value of the annuity payment liability is reported as contribution revenue in the consolidated statements of activities and changes in net assets. On an annual basis, the annuity payment liability is revalued using present value techniques and actuarial assumptions, including applicable mortality tables. Changes in the present value of the annuity payment liability are reported in the consolidated statements of activities and changes in net assets as a change in the value of split-interest agreements. The present value of the liability is included in the consolidated statements of financial position as funds held in custody for others.

Leases

In February 2016, the FASB issued guidance as ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial condition. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. The Foundation adopted the standard and recognized and measured leases existing at, or entered into after July 1, 2022, using the modified retrospective approach, with certain practical expedients available. The adoption of ASC 842 did not result in any adjustments to net assets or changes in the timing or amounts of lease costs. Comparable periods continue to be presented under the guidance of the previous standard.

The Foundation determines if an arrangement is a lease at the inception of the contract. For leases with terms greater than twelve months, ROU assets and lease liabilities are recognized at the contract commencement date based on the present value of lease payments over the lease term. ROU assets represent the Foundation’s right to use the underlying asset for the lease term. Lease liabilities present the Foundation’s obligation to make lease payments arising from these contracts. The Foundation uses a risk-free rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. The Foundation’s operating leases in effect prior to July 1, 2022, were recognized at the present value of the remaining payments on the remaining lease term as of July 1, 2022.

Lease terms may include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. The estimated useful life of ROU assets is limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. The Foundation’s lease agreements generally do not contain any material residual value guarantees, restrictions or covenants.

The Foundation has elected to apply the short-term lease exemption to all classes of assets where leases that have a term of 12 months or less are excluded from the measurement of the right-of-use asset and lease liability.

1. Summary of Significant Accounting Policies (continued)

Compensated absences

The Foundation records a liability for accrued and unused vacation of its employees. The balances in accrued and unused vacation and other payroll liabilities totaled $601,168 and $556,623 at June 30, 2024 and 2023, respectively.

Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among program, management and general, and fundraising. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Occupancy	Full time equivalent
Depreciation	Full time equivalent
Office operations - insurance	Full time equivalent
Office operations - telecommunications	Full time equivalent

Income taxes

The LSU Foundation, the LSU Property Foundation, and the LSU Real Estate and Facilities Foundation operate as public charities under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are exempt from federal and state income taxes and the excise tax which applies to certain foundations.

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

The Foundation has evaluated its position regarding the accounting for uncertain income tax and does not believe that it has any material uncertain tax positions at June 30, 2024.

2. Investments

Investments in debt and equity securities with readily determinable fair values are stated at their estimated fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further discussion of fair value measurements.

The Foundation segregates its investments into four separate pools based on donor-imposed restrictions and internal designations and has established separate investment strategies for these pools. Investment earnings are allocated to net assets with or without donor restrictions based on donor restrictions for certain permanently endowed funds on policies approved by the Board of Directors for certain non-endowed funds. The Foundation employs a unitized method of accounting for pooled endowed investments. Each participating fund enters into and withdraws from the pooled investment account based on monthly unit values. Monthly unit values reflect changes in the fair value of investments within the investment pool. A spending allocation approved by the Board of Directors is made each year to the funds on a per unit basis.

The asset allocation of the Foundation's portfolio involves exposure to a diverse set of markets which involve various risks such as interest rate risk, market risk, and credit risk. The Foundation believes that the value of its investments may, from time to time, fluctuate substantially as a result of these risks. The Foundation has also entered into agreements with private equity and real estate partnerships. See Notes 3 and 15 for cash commitments relating to these investments.

Investments consisted of the following at June 30, 2024 and 2023:

	2024	2023
Government agency obligations	$ 144,805,150	$ 84,357,551
Corporate obligations	4,764,678	16,169,078
Common stocks	7,983,365	6,101,765
Mutual funds	200,846,329	172,807,090
Commingled funds	119,697,077	127,828,215
Hedge funds	140,505,730	118,781,899
Municipal obligations	1,610,998	3,063,289
Private equity	111,164,781	105,008,427
Separately managed accounts	36,319,672	32,823,574
Royalty interests	154,083	154,084
	$ 767,851,863	$ 667,094,972

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below corpus. There were no significant deficiencies of this nature at either June 30, 2024 or 2023.

3. Fair Value of Financial Instruments

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

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

Fair value hierarchy

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

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

- Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

3. Fair Values of Financial Instruments (continued)

The Foundation utilizes several externally managed funds for private equity, venture capital, and hedge funds, and with these types of investments, quoted prices are often unavailable, and pricing inputs are generally unobservable. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. In certain instances, several valuation techniques are utilized by external managers (e.g. the market approach or the income approach) for which sufficient and reliable data is available. The use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. In circumstances in which net asset value per share of an investment is determinative of fair value, the manager is permitted, as a practical expedient, to estimate the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment, if the net asset value per share of the investment is determined in accordance with the specialized accounting guidance for Investment Companies as of the reporting entity's measurement date. The application of those valuation procedures and methodologies are borne out in each manager's compliant annual audited financial statements and were monitored through the Foundation's reporting periods ended June 30, 2024, and 2023.

Level 3 valuation techniques

Although direct valuation techniques and methodologies for Level 3 assets are not completed internally, Foundation staff and the Foundation's outsourced chief investment officer conduct ongoing monitoring and review of managers to ensure that reporting and valuation techniques are in accordance with industry standards and best practices. Capital statements, performance, and pertinent news regarding changes in management are scrutinized as an internal part of the due diligence process prior to hiring a manager. These same elements are monitored on an on-going basis, as a matter of regular business practice, following the hiring of a manager. Level 3 asset types for which this due diligence process and focused monitoring are applied internally are commingled funds, hedge funds, other private equity, and commodities and natural resources.

The valuation process conducted internally for those Level 3 assets categorized as beneficial interests in split-interest agreements primarily entails a calculation of the present value of proceeds expected to be received in accordance with the terms of the agreement. Each agreement is reviewed by management to determine the amount of any contractual and/or estimated payments to income beneficiaries using available actuarial data. The present value is calculated using an assumed rate of risk as recommended by the Foundation's Controller in conjunction with actuarial data tables published by the Social Security Administration.

3. Fair Values of Financial Instruments (continued)

The following tables set forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2024 and 2023:

	Level 1	Level 2	Level 3	Totals
June 30, 2024:				
U.S. Treasury securities	$ 144,805,150	$ -	$ -	$ 144,805,150
Municipal obligations	-	1,610,998	-	1,610,998
Corporate obligations	-	4,764,678	-	4,764,678
Common stocks	7,983,365	-	-	7,983,365
Mutual funds:				
Domestic equity	108,870,664	-	-	108,870,664
Developed foreign equity	29,316,806	-	-	29,316,806
Core fixed income	62,658,859	-	-	62,658,859
Annuity and trust funds held by agent	2,384,586	-	-	2,384,586
Beneficial interest in split-interest Agreements	-	-	2,813,046	2,813,046
Royalty interests	-	-	154,083	154,083
	$ 356,019,430	$ 6,375,676	$ 2,967,129	365,362,235
Commingled funds (including hedge funds measured at net asset value) (*a*)				260,202,807
Private market investments measured at net asset value (*a*)				111,164,781
Other investments measured at net asset value (including separately managed accounts) (*a*)				36,319,672
				$ 773,049,495
June 30, 2023:				
Government agency obligations	$ -	$ 9,770,064	$ -	$ 9,770,064
U.S. Treasury securities	74,587,487	-	-	74,587,487
Municipal obligations	-	3,063,289	-	3,063,289
Corporate obligations	-	16,169,078	-	16,169,078
Common stocks	6,101,765	-	-	6,101,765
Mutual funds:				
Domestic equity	95,789,190	-	-	95,789,190
Developed foreign equity	14,218,398	-	-	14,218,398
Core fixed income	62,799,502	-	-	62,799,502
Annuity and trust funds held by agent	2,410,285	-	-	2,410,285
Beneficial interest in split-interest Agreements	-	-	2,655,482	2,655,482
Royalty interests	-	-	154,084	154,084
	$ 255,906,627	$ 29,002,431	$ 2,809,566	287,718,624
Commingled funds (including hedge funds measured at net asset value) (*a*)				246,610,114
Private market investments measured at net asset value (*a*)				105,008,427
Other investments measured at net asset value (including separately managed accounts) (*a*)				32,823,574
				$ 672,160,739

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

3. Fair Values of Financial Instruments (continued)

The following tables present the nature, characteristics and risks of investments measured at net asset value and whether the investments, if sold, are probable of being sold at amounts different from net asset value per share or its equivalent.

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
June 30, 2024:				
Commingled funds	$ 81,043,864	$ -	quarterly or less	≤ 90 days
Commingled funds	38,653,213	-	longer than quarterly	≤ 90 days
Hedge funds:				
Long/short equity	109,319	-	longer than quarterly	≤ 90 days
Event driven	19,911,723	-	longer than quarterly	≤ 90 days
Multi-strategy	50,886,770	-	longer than quarterly	≤ 90 days
Multi-strategy	69,597,918	-	quarterly or less	≤ 90 days
Total commingled and hedge funds	260,202,807	-		
Private markets	111,164,781	49,438,867	*	
Other	36,319,672	-	quarterly or less	≤ 90 days
Total	$ 407,687,260	$ 49,438,867		
June 30, 2023:				
Commingled funds	$ 93,716,346	$ -	quarterly or less	≤ 90 days
Commingled funds	34,111,868	-	longer than quarterly	≤ 90 days
Hedge funds:				
Long/short equity	122,632	-	longer than quarterly	≤ 90 days
Event driven	17,749,485	-	longer than quarterly	≤ 90 days
Multi-strategy	14,676,039	-	longer than quarterly	≤ 90 days
Multi-strategy	86,233,744	-	quarterly or less	≤ 90 days
Total commingled and hedge funds	246,610,114	-		
Private markets	105,008,427	49,692,134	*	
Other	32,823,574	-	quarterly or less	≤ 90 days
Total	$ 384,442,115	$ 49,692,134		

* Private market investments are generally invested in funds with no specific redemption period. Investment proceeds, if any, from private market investments are distributed to investors throughout the life of the private market investment fund, as stipulated in the funds' offering documents.

3. Fair Values of Financial Instruments (continued)

The following table presents the changes in fair value in Level 3 instruments that are measured at fair value on a recurring basis for the years ended June 30, 2024 and 2023:

Balance - June 30, 2022	$ 2,811,815
Unrealized losses	(2,249)
Balance - June 30, 2023	2,809,566
Unrealized gains	157,563
Balance - June 30, 2024	$ 2,967,129

The realized and unrealized gains or losses recorded during the years ended June 30, 2024 and 2023, are included in the consolidated statements of activities and changes in net assets as earnings allocation within net assets with or without donor restrictions based on donor restrictions for certain permanently endowed funds and based on policies approved by the Board of Directors for certain non-endowed funds.

4. Unconditional Promises to Give

Unconditional promises to give at June 30, 2024 and 2023, were as follows:

	2024	2023
Promises to give expected to be collected in:		
Less than one year	$ 30,663,058	$ 25,442,344
One to five years	47,054,756	44,337,080
More than five years	2,363,442	1,574,879
	80,081,256	71,354,303
Less discount on promises to give	(6,429,225)	(5,939,058)
Less allowance for uncollectible accounts	(467,951)	(216,357)
Net unconditional promises to give	$ 73,184,080	$ 65,198,888

The discount rates used in discounting unconditional promises to give that were made in fiscal years 2024 and 2023 were 4.80% and 5.02%, respectively.

5. Split-Interest Agreements

The Foundation serves as trustee for several charitable remainder trusts for which the Foundation is the irrevocable beneficiary. The funds are held and administered by a third-party financial institution as an agent of the Foundation. The fair value of the funds held is reported as an asset and corresponding liability in the consolidated statements of financial position. As of June 30, 2024 and 2023, the fair value of both the asset and corresponding liability of these charitable remainder trusts totaled $238,540 and $237,973, respectively.

The Foundation has several charitable gift annuity arrangements with donors in which the Foundation has received assets from a donor in exchange for the Foundation's promise to pay the donor or his or her designee a fixed amount over a specified period of time. The assets are held and administered by a third-party financial institution as an agent of the Foundation. The assets are reported as investments - split-interest agreements on the consolidated statements of financial position at the fair value of $2,146,046 and $2,172,312 at June 30, 2024 and 2023, respectively. The present value of the amount due to these donors or their designees as of June 30, 2024 and 2023, totaled $1,721,749 and $1,827,317, respectively.

The Foundation is the irrevocable beneficiary of several split-interest agreements for which the funds are held and administered by third parties. The Foundation's interest in the funds held by the third parties is measured at its present value and reported as assets in the consolidated statements of financial position as beneficial interest in split-interest agreements. As of June 30, 2024 and 2023, the fair value of the beneficial interests totaled $2,813,046 and $2,655,482 respectively.

6. Property and Equipment

Property and equipment consisted of the following at June 30, 2024 and 2023:

	2024	2023
Leasehold improvements	$ 2,754,805	$ 2,754,805
Buildings and building improvements	29,091,219	24,927,604
Furniture and equipment	4,770,770	2,589,468
	36,616,794	30,271,877
Less: accumulated depreciation	(9,626,541)	(8,357,548)
	26,990,253	21,914,329
Construction in progress	28,192,757	12,168,120
Land	463,866	463,866
Artwork and other non-depreciable assets	41,765	4,218,976
	$ 55,688,641	$ 38,765,291

7. Investment in Partnership

The Foundation is a 50% investor in the Shaw Center for the Arts, LLC, and accordingly, accounts for the investment using the equity method of accounting. The investments recorded on the consolidated statements of financial position totaled $11,309,353 and $11,797,005 at June 30, 2024 and 2023, respectively. The summarized financial information as of and for the years ended June 30, 2024 and 2023 of the Shaw Center for the Arts, LLC is as follows:

	2024	2023
Total assets	$ 22,893,686	$ 24,016,698
Total liabilities	$ 274,982	$ 423,414
Net loss	($ 974,579)	($ 1,188,196)

8. Notes Payable

The Foundation Office Building, LLC had a construction line of credit that was converted to a $3,250,000 term note on November 8, 2016 and is secured by the mortgaged property. The note bears interest at a fixed rate of 3.5% and the outstanding balances as of June 30, 2024 and 2023, are $731,115 and $760,786, respectively. The note is scheduled to mature on November 8, 2026. For the years ended June 30, 2024 and 2023, interest expense totaling $26,129 and $27,550, respectively, was recognized and is included in office operations expense within the management and general function.

On March 28, 2018, the Nicholson Gateway Project, LLC, entered into a $2,430,000 term note secured by all property of the borrower. The note bears interest at a fixed rate of 4.61% and the outstanding balances as of June 30, 2024 and 2023, are $1,871,100 and $1,968,300, respectively. Level payments of principal and interest are due until the maturity date, March 28, 2028. Interest expense totaling $90,129 and $94,426 was recognized for the years ended June 30, 2024 and June 30, 2023, respectively, and is included in office operations expense within the management and general function.

On February 8, 2019, Bengal Village, LLC, executed an assumption of a mortgage promissory note secured by the property to refinance a loan taken out on September 21, 2018, by Eunice Student Housing Foundation for the construction of the Bengal Village student housing on the LSU-E campus in the amount of $6,650,711. The note originally bore interest at a fixed rate of 5.5%. During the year ended June 30, 2021, the terms of the loan were modified, and the rate was lowered to 4.5% and the maturity date of the loan was extended to August 8, 2025. The outstanding balances as of June 30, 2024 and 2023, are $5,829,515 and $6,002,200, respectively. For the years ended June 30, 2024 and 2023, interest expense totaling $271,446 and $277,493, respectively, was recognized and is included in office operations expense within the management and general function.

On March 25, 2020, Pilots Pointe, LLC, entered into a $5,300,000 term loan secured by all property of the borrower. The note bears interest at a fixed rate of 2.40% and the outstanding balances as of June 30, 2024 and 2023 are $4,582,292 and $4,803,125, respectively. The note is scheduled to mature on March 25, 2027. For the years ended June 30, 2024 and 2023 interest expense totaling $112,421 and $117,723, respectively, was recognized and is included in office operations expense within the management and general function.

8. Notes Payable (continued)

The notes payable are scheduled to mature as follows:

Year ending June 30,	Amount
2025	$ 529,452
2026	5,999,769
2027	4,906,132
2028	1,578,669
	13,014,022
Less: unamortized debt issuance	(13,837)
	$ 13,000,185

9. Funds Held In Custody For Others

Under agreements with the University and certain other charitable organizations, the Foundation manages and holds for deposit designated funds for these entities. The funds being held at June 30, 2024 and 2023, were as follows:

	2024	2023
LSU - Alexandria Foundation	$ 26,171,867	$ 25,636,012
LSU - Eunice Foundation	4,036,334	3,757,733
State Matching Funds Managed for the University	108,285,266	107,309,036
Split-interest agreements	1,960,289	2,065,290
	140,453,756	138,768,071
Less: portion classified as current	(18,009,794)	(19,758,286)
	$ 122,443,962	$ 119,009,785

10. Net Assets

Net assets with donor restrictions at June 30, 2024 and 2023, were restricted for the following purposes:

	2024	2023
Chairs and professorships	$ 235,716,914	$ 220,659,644
Scholarships and fellowships	173,307,790	166,675,096
Academic support and development	217,908,484	202,348,874
Capital outlay and improvements	45,141,200	59,624,748
Research support	50,493,632	45,245,342
Institutional support	10,225,807	6,865,580
	$ 732,793,827	$ 701,419,284

Of the above amounts reported as net asset with donor restrictions, the following are permanently restricted to investments in perpetuity, the income from which is expendable to support the activities below:

	2024	2023
Chairs and professorships	$ 134,776,739	$ 132,939,963
Scholarships and fellowships	103,914,373	101,219,292
Academic support and development	76,133,898	73,191,280
Capital outlay and improvements	233,727	233,727
Research support	3,539,438	2,616,609
	$ 318,598,175	$ 310,200,871

Net assets were released from donor restrictions by satisfaction of the restricted purposes or by occurrence of the passage of time or other events specified by the donors during the years ended June 30, 2024 and 2023, as follows:

	2024	2023
Chairs and professorships	$ 9,828,581	$ 8,664,270
Scholarships and fellowships	13,218,937	12,571,032
Academic support and development	21,847,355	18,618,103
Capital outlay and improvements	42,706,329	4,447,917
Research support	2,462,217	1,157,903
Institutional support	1,419,287	301,047
	$ 91,482,706	$ 45,760,272

10. Net Assets (continued)

The Foundation's net assets without donor restrictions at June 30, 2024 and 2023, comprised undesignated and Board designated amounts to support the activities below:

	2024	2023
Undesignated	$ 39,574,949	$ 21,815,377
Board designated for continued University support	22,209,421	19,123,690
Board designated for operating reserve	5,567,724	5,416,080
Board designated for capital outlay and improvements	2,377,151	1,926,638
Board designated for quasi-endowment and scholarships	605,739	576,495
Board designated for partnership investment	11,309,353	11,797,005
	$ 81,644,337	$ 60,655,285

Board designated for continued University support

The Foundation's Board has designated funds to provide continued support for the University.

Board designated for operating reserve

The Foundation maintains a minimum operating reserve of board designated funds equal to 40% of the approved budget for the Foundation's total operating revenues for the current fiscal year. The minimum operating reserve is intended to preserve sufficient unrestricted dollars for possible occurrences of significant negative variances in projected revenues or other unforeseen circumstances.

Board designated for capital outlay and improvements

The Foundation's Board has designated funds to provide temporary bridge loans for various capital projects before the projects secure longer-term financing options while awaiting donor pledge commitments to be funded or financial closings for debt financed projects to be completed.

Board designated for quasi-endowment and scholarships

The Foundation's Board designated funds to establish and maintain a quasi-endowment for the purpose of securing Foundation's long-term financial viability and continuing to meet the needs of the Foundation. The Foundation's Board has also designated funds to provide scholarships for the University.

Board designated for partnership investment

As discussed in Note 7, the Foundation is a 50% investor in the Shaw Center for the Arts, LLC ("Shaw Center"), and accordingly, the net assets related to the Shaw Center are designated to its investment.

11. Endowed Net Assets

The LSU Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and providing a stable level of support to the beneficiaries. To achieve this objective, the LSU Foundation's asset allocation strategy is reviewed periodically and adjusted to target a total return that covers inflation, administrative expenses, and spending allocations, while minimizing volatility.

Certain endowed funds are provided by the State of Louisiana as a match to qualifying private endowed contributions and are managed under agreement with the University for the University's benefit. These state matching endowed funds, which are maintained in a separate pool from other Foundation investments, are further subject to the investment and spending policies established by the Louisiana Board of Regents, which has statutory authority to administer the matching funds program.

A spending rate is determined by the LSU Foundation Board of Directors on an annual basis, with consideration given to the market conditions, the spending levels of peer institutions, and the level of real return after spending measured over the long term. The spending rate approved by the Board is applied to the sixty-month moving average fair value of the investment pool of endowed assets. The objective is to provide relatively stable spending allocations. The net spending rate approved by the Board of Directors for each of the years ended June 30, 2024 and 2023, was 4.00%.

Effective July 1, 2010, the Louisiana Legislature enacted Act No. 168 (the "Act") to implement the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as the standard for the management and investment of institutional funds in Louisiana. The Act permits an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument.

In its interpretation of the law, the Foundation's Board of Directors has determined that it is prudent for those endowed funds with no donor restrictions to the contrary whose market value is in excess of 80% (eighty percent) of corpus be made available for appropriation for expenditure within the provisions of the Board's annual establishment of spending policy. The portion that has not been determined to be available for expenditure is considered by the Board to be funds of perpetual duration and is classified as net assets with donor restrictions. In making such determination, the Board considered the following factors: the duration and preservation of the endowment fund; the purposes of the institution and the endowment fund; general economic conditions; the possible effect of inflation or deflation; expected total return from income and appreciation of investments; other resources of the institution; and the investment policy of the institution.

The Louisiana Board of Regents spending policy dictates that the market value of each endowment at the end of the most recent fiscal trust fund year must exceed the original corpus of the endowment by an amount equal to the amount to be made available for expenditure in the next fiscal year for which a spending allocation is made. When the current market value of an endowment is below the original corpus, a spending allocation is not allowed.

11. Endowed Net Assets (continued)

The LSU Foundation Board of Directors has chosen to manage a portion of its net assets without donor restrictions as part of the endowed funds investment pool. At June 30, 2024 and 2023, the fair value of these Board Designated Endowed Funds was $605,739 and $576,495 respectively.

The net asset composition by type of fund as of June 30, 2024 and 2023, and the changes in endowment net assets for the years ended June 30, 2024 and 2023, were as follows:

	Without donor Restrictions	With donor Restrictions	Total
Balance at June 30, 2022	$ 554,591	$ 451,794,510	$ 452,349,101
Investment return	21,904	26,505,180	26,527,084
Contributions	-	5,876,178	5,876,178
Balance at June 30, 2023	576,495	484,175,868	484,752,363
Investment return	29,244	35,166,232	35,195,476
Contributions	-	11,643,589	11,643,589
Balance at June 30, 2024	$ 605,739	$ 530,985,689	$ 531,591,428

The composition of endowed net assets, by fund type, at June 30, 2024 and 2023, was as follows:

	Without donor Restrictions	With donor Restrictions	Total
June 30, 2024:			
Donor-restricted endowment			
Restricted in perpetuity	$ -	$ 318,598,175	$ 318,598,175
Purpose restricted	-	212,387,514	212,387,514
Board-designated endowment	605,739	-	605,739
	$ 605,739	$ 530,985,689	$ 531,591,428
June 30, 2023:			
Donor-restricted endowment			
Restricted in perpetuity	$ -	$ 310,200,871	$ 310,200,871
Purpose restricted	-	173,974,997	173,974,997
Board-designated endowment	576,495	-	576,495
	$ 576,495	$ 484,175,868	$ 484,752,363

12. Liquidity and Availability

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund beneficiary purposes such as faculty support, scholarships, and research. In addition, the Foundation receives support without donor restrictions; such support consists of contributions, investment income without donor restrictions, and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, earnings from donor-restricted gifts and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs to be available to meet cash needs for expenditures. Expenditures include operating expenses, program expenses, and disbursements related to funds held in custody for others.

As part of the liquidity policy, the Foundation has identified operating, financing, and market liquidity risks. Liquidity risk is mitigated in part through monitoring and reporting of the Primary Reserve Ratio, which measures the sufficiency and availability of the liquid financial resources of the Foundation by comparing expendable net assets to total expenses and disbursements related to funds held in custody. The ratio provides a snapshot of financial strength and flexibility by indicating how long the Foundation could function using its expendable net assets without relying on additional net assets generated by operations. As part of the liquidity management plan, the Foundation will monitor the Primary Reserve Ratio to ensure it is in compliance with the internally established benchmark.

For operating and program expenses, the Foundation monitors cash and the investment of non-endowed funds using a rolling 15-month cash flow forecast, to determine availability of these funds for the Foundation's general expenditures, liabilities, and other obligations, including debt service payments, as they become due for that given time frame.

For funds held in custody, the spendable funds managed for University-related third parties are invested in the Foundation's non-endowed pool, which consists primarily of cash and cash equivalents and highly liquid fixed income securities. Ordinary expenditure of such funds is factored into a 15-month cash flow forecast. The endowed funds managed for the third parties are invested in the Foundation's endowed pools. Fund redemption request notice for the endowed pools is required to be given at least 90 days in advance. The liquidity of these investment pools is governed by the Investment Policy Statement with oversight by the Foundation's Investment Committee.

12. Liquidity and Availability (continued)

The table below presents financial assets available for general expenditures within one year at June 30, 2024 and 2023:

	2024	2023
Financial assets at year end:		
Cash, cash equivalents, and restricted cash	$ 66,232,006	$ 130,623,568
Investments	767,851,863	667,094,972
Accrued interest receivable	1,945,989	686,720
Accounts receivable, net	2,080,880	1,263,112
Current portion of unconditional promises to give, net	30,445,451	25,235,987
Total financial assets available within one year	868,556,189	824,904,359
Less amounts unavailable to be used for general expenditures:		
Amounts held in custody for others	140,453,756	138,768,071
Designated by Board of Directors, excluding partnership investment	30,760,035	27,042,903
Donor-restricted endowments	530,985,689	484,175,868
Financial assets not available to be used within one year	702,199,480	649,986,842
Total financial assets available to management for general expenditure within one year	$ 166,356,709	$ 174,917,517

13. Retirement Plan

The Foundation sponsors a 401(k) retirement plan for its employees. The Foundation's match is 6%. An employee is vested 100% upon beginning employment with the Foundation. The retirement plan requires a minimum participation age of 21. The Foundation contributed $484,260 and $428,733 to the Plan during the years ended June 30, 2024 and 2023, respectively.

14. Operating Lease

Louisiana State University ("LSU") executed a ground lease with Nicholson Gateway Project, LLC ("NGP") to develop student housing and retail space on LSU's campus. In furtherance of development, NGP subleased the property to Provident Group - Flagship Properties, LLC ("Provident"). The lease commenced in September 2016 and expires on the fortieth anniversary of the commencement date. Annual lease payments of $2 million were paid during years three through seven of the lease. In year eight through the remainder of the term, the ground rent will be adjusted by actual CPI at the beginning of each year.

The Foundation Office Building, LLC entered into a ground lease agreement with the LSU Board of Supervisors in May 2015 to lease the land occupied by the LSU Foundation Center for Philanthropy. The term of the agreement is 40 years with two successive options to renew the lease for 30 and 25 years for a total of 95 consecutive years. The annual rent payments are $5,000 for the first 40 years, $7,000 for the first renewal term, and $9,000 for the second renewal term.

Total lease expense for these leases totaled approximately $24,000 for the years ended June 30, 2024 and 2023.

15. Commitments

The Foundation has contractual commitments associated with the construction, restoration, and renovation projects for certain LSU buildings. The total contract amount for these projects is $48,111,460 and the remaining commitment as of June 30, 2024, totals $21,137,135.

The Foundation also previously committed an additional $204,281,287 to various Private Equity Funds. As of June 30, 2024, the remaining commitments to these funds total $49,438,867.

16. Transactions with the University

The Foundation has certain transactions with the University in the normal course of operations. The transactions consist of reimbursement for salaries, which are processed by the University and reimbursement for certain expenses paid by the University on behalf of the Foundation, such as payments of scholarships and capital projects. The amount owed to the University at June 30, 2024 and 2023, for these types of expenses was $5,866,592 and $3,885,806, respectively and is included in accounts payable on the statements of financial positions.

17. Subsequent Events

Management evaluated subsequent events through, November 22, 2024, the date that the financial statements were available to be issued, and determined that no additional disclosures were necessary. No events occurring after this date have been evaluated for inclusion in these financial statements.

EisnerAmper LLP
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809
T 225.922.4600
F 225.922.4611
www.eisneramper.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
LSU Foundation
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the LSU Foundation (the "Foundation"), which comprise the consolidated statement of financial position as of June 30, 2024, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 22, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
November 22, 2024

EisnerAmper LLP
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809
T 225.922.4600
F 225.922.4611
www.eisneramper.com

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

Board of Directors
LSU Foundation
Baton Rouge, Louisiana

Report on Compliance for its Major Federal Program

Opinion on its Major Federal Program

We have audited the LSU Foundation's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on LSU Foundation's major federal program for the year ended June 30, 2024. LSU Foundation's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the LSU Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect its major federal program for the year ended June 30, 2024.

Basis for Opinion on its Major Federal Program

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

We are required to be independent of the LSU Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for its major federal program. Our audit does not provide a legal determination of the LSU Foundation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the LSU Foundation's federal program.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the LSU Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the LSU Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the LSU Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
November 22, 2024

LSU FOUNDATION
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Program or Cluster Title	*Federal Assistance Listing Number*	*Grantor Project Number*	*Federal Expenditures($)*	*Amounts Provided to Subrecipients*
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through Louisiana Office of Community Development				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	N/A	$ 4,492,356	-
Total U.S. Department of Housing and Urban Development			4,492,356	
Total Expenditures of Federal Awards			$ 4,492,356	

The accompanying notes are an integral part of this schedule

LSU FOUNDATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Note A – Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the LSU Foundation and is presented on the accrual basis of accounting. The information in this schedule is also presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations for Federal Awards* (Uniform Guidance).

Note B - Reconciliation of Construction in Progress to Federal Expenditures

Reconciliation of construction in progress to federal expenditures:

Total additions to construction-in-progress	$15,385,876
Less: additions acquired with non-federal awards	(8,491,646)
Less: prior period expenditures	(2,401,874)
Total federal expenditures	$ 4,492,356

Note C – De Minimus Cost Rate

During the year ended June 30, 2024, the LSU Foundation did not elect to use the 10% de minimus cost rate as allowed by §200.414 of the Uniform Guidance.

LSU FOUNDATION
BATON ROUGE, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2024

Chief Executive Officer: Robert M Stuart Jr

Purpose	
Salary, including incentive and bonus	$ -
Benefits - insurance	-
Benefits - retirement	-
Deferred Compensation	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
Other (including payments made by other parties)	-
Total	**$ -**

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

The LSU Foundation is not required to report the total compensation, reimbursements, and benefits paid to the chief executive officer as these costs are supported by private funds.

LSU FOUNDATION
BATON ROUGE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

A. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

• Material weakness(es) identified?	______ yes	__x__ no
• Significant deficiencies(s) identified that are not considered to be material weaknesses?	______ yes	__x__ none reported
Noncompliance material to financial statements noted?	______ yes	__x__ no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	______ yes	__x__ no
• Significant deficiency (ies) identified that is (are) not considered to be material weaknesses?	______ yes	__x__ none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with §200.516(a) of the Uniform Guidance?	______ yes	__x__ no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

B. Findings - Financial Statement Audit

- None

C. Findings and Questioned Costs - Major Federal Award Programs

- None

LSU FOUNDATION
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

A. Findings – Financial Statement Audit

- N/A

B. Findings and Questioned Costs – Major Federal Award Programs

- N/A

EisnerAmper LLP
8550 United Plaza Blvd.
Suite 1001
Baton Rouge, LA 70809
T 225.922.4600
F 225.922.4611
www.eisneramper.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To: Board of Directors the LSU Foundation and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of LSU Foundation for the fiscal period July 1, 2023 through June 30, 2024 as it relates to the public funds received through its wholly owned subsidiary, University Lakes, LLC (University Lakes Project). LSU Foundation management is responsible for those C/C areas identified in the SAUPs.

The LSU Foundation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. 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 we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by LSU Foundation to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 those C/C areas identified in the SAUPs of the LSU Foundation for the fiscal period July 1, 2023 through June 30, 2024. 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 LSU Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
November 22, 2024

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted" or for step 13 "we performed the procedure and discussed the results with management".* If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exception noted.

ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exception noted.

iii. ***Disbursements***, including processing, reviewing, and approving.

No exception noted.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Not Applicable as the University Lakes Project does not receive any deposits.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Not Applicable as the University Lakes Project did not pay any salaries.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exception noted.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Not Applicable for the University Lakes Project as no disbursements were paid for travel and expense reimbursements.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Not Applicable as no credits cards were used by the University Lakes Project.

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Not Applicable for not-for-profit organizations.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not Applicable for not-for-profit organizations.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exception noted.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Not Applicable for not-for-profit organizations.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception noted.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exception noted.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exception noted.

3) Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of 1 bank account. Management identified the entity's main account, which is specifically related to the University Lakes project. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 1 bank account (1 main account) and obtained the bank reconciliation for the month ended June 30, 2024, resulting in 1 bank reconciliation obtained and subjected to the below procedures.

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exception noted.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and

No exception noted.

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exception noted.

4) Collections (excluding electronic funds transfers) - this section is not applicable as the University Lakes Project does not receive any deposits.

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Not Applicable

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Not Applicable

i. Employees responsible for cash collections do not share cash drawers/registers;

Not Applicable

ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Not Applicable

iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

Not Applicable

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

Not Applicable

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

Not Applicable

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Not Applicable

i. Observe that receipts are sequentially pre-numbered.

Not Applicable

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Not Applicable

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Not Applicable

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

Not Applicable

v. Trace the actual deposit per the bank statement to the general ledger.

Not Applicable

5) Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 1 location (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 location and performed the procedures below.

B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exception noted.

ii. At least two employees are involved in processing and approving payments to vendors;

No exception noted.

iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exception noted.

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exception noted.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exception noted.

C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

A listing of non-payroll disbursements for each payment processing location was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exception noted.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exception noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards) – not applicable as no credit cards were used by the University Lakes Project.

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Not Applicable

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

Not Applicable

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

Not Applicable

ii. Observe that finance charges and late fees were not assessed on the selected statements.

Not Applicable

C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

   Not Applicable

7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions) – not applicable as there were no travel or travel-related expense reimbursements for the University Lakes Project.*

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

   Not Applicable

   i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

      Not Applicable

   ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

      Not Applicable

   iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures," procedure #1A(vii); and

      Not Applicable

   iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

      Not Applicable

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 3 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exception noted.

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

No exception noted.

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exception noted.

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exception noted.

9) Payroll and Personnel – not applicable as there was no payroll paid by the University Lakes Project.

A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Not Applicable

B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

   Not Applicable

   i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

      Not Applicable

   ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

      Not Applicable

   iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

      Not Applicable

   iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

      Not Applicable

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

   Not Applicable

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

   Not Applicable

10) ***Ethics – not applicable for not-for-profit organizations.***

A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and

  i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

  Not Applicable

  ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

  Not Applicable

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

  Not Applicable

11) Debt Service – not applicable for not-for-profit organizations.

A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

  Not Applicable

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

  Not Applicable

12) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

  No exception noted.

B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exception noted.

13) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:126725. The requirements are as follows:

· Hired before June 9, 2020 - completed the training; and

· Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment – not applicable for not-for-profit organizations.

A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

   Not Applicable

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

   Not Applicable

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

   i. Number and percentage of public servants in the agency who have completed the training requirements;

      Not Applicable

   ii. Number of sexual harassment complaints received by the agency;

      Not Applicable

   iii. Number of complaints which resulted in a finding that sexual harassment occurred;

      Not Applicable

   iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

      Not Applicable

   v. Amount of time it took to resolve each complaint.

      Not Applicable