Consolidated Financial Report

Louisiana National Guard Foundation and Subsidiaries

June 30, 2021

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Consolidated Financial Report

Louisiana National Guard Foundation and Subsidiaries

June 30, 2021

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New Orleans, Louisiana

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Louisiana National Guard Foundation and Subsidiaries,
New Orleans, Louisiana.

We have audited the accompanying consolidated financial statements of the Louisiana National Guard Foundation and Subsidiaries (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana National Guard Foundation and Subsidiaries as of June 30, 2021 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements

The consolidated financial statements of Louisiana National Guard Foundation and Subsidiaries as of June 30, 2020 and for the year then ended, were audited by other auditors whose report dated December 18, 2020, expressed an unmodified opinion on those financial statements.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis, as required by Louisiana Revised Statue 24:513(A)(3), and is not a required part of the consolidated 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Schedule 1 is fairly stated, in all material respects, in relation to the consolidated 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 October 5, 2021 on our consideration of the Organization's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, and other matters. The purpose of that report is 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 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 Organization's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
October 5, 2021.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Louisiana National Guard Foundation and Subsidiaries

New Orleans, Louisiana

June 30, 2021 and 2020

	2021	2020
Assets		
Cash	$ 188,681	$ 330,889
Cash, restricted	-	71,412
Accounts receivable, net	34,334	39,095
Prepaid expenses	5,962	9,320
Other assets	48,661	29,877
Accrued interest	9,865	12,832
Investments	2,592,945	2,072,822
Note receivable	100,000	100,000
Property and equipment - net	25,651	37,341
Burn System receivable, net	2,304,262	2,275,320
Total assets	$ 5,310,361	$ 4,978,908
Liabilities		
Accounts payable	$ 50,950	$ 22,029
Grants payable	11,269	48,247
Accrued expenses	6,357	11,355
Funds held in escrow	-	71,412
Other liabilities	8,604	-
Deferred revenue	67,623	47,595
Total liabilities	144,803	200,638
Net Assets		
Without donor restrictions	1,891,462	1,566,898
With donor restrictions	3,274,096	3,211,372
Total net assets	5,165,558	4,778,270
Total liabilities and net assets	$ 5,310,361	$ 4,978,908

See notes to consolidated financial statements.

Exhibit B-1

CONSOLIDATED STATEMENT OF ACTIVITIES

Louisiana National Guard Foundation and Subsidiaries

New Orleans, Louisiana

For the year ended June 30, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Revenues and Support			
Billeting	$ 490,007	$ -	$ 490,007
Contributions	20,701	3,243	23,944
Grants	27,430	-	27,430
Other revenue	124,338	13,200	137,538
Lease revenue	579,510	-	579,510
Investment income, net	49,445	76,754	126,199
Net assets released from restrictions	30,473	(30,473)	-
Total revenues and support	1,321,904	62,724	1,384,628
Expenses			
Program services	824,255	-	824,255
Management and general	173,085	-	173,085
Total expenses	997,340	-	997,340
Increase in Net Assets	324,564	62,724	387,288
Net Assets			
Beginning of year	1,566,898	3,211,372	4,778,270
End of year	$ 1,891,462	$ 3,274,096	$ 5,165,558

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

Louisiana National Guard Foundation and Subsidiaries

New Orleans, Louisiana

For the year ended June 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Revenues and Support			
Billeting	$ 652,614	$ -	$ 652,614
Contributions	37,516	52,276	89,792
Other revenue	73,320	27,655	100,975
Lease revenue	562,249	-	562,249
Investment income, net	10,624	-	10,624
Net assets released from restrictions	68,527	(68,527)	-
Total revenues and support	1,404,850	11,404	1,416,254
Expenses			
Program services	886,332	-	886,332
Management and general	176,099	-	176,099
Total expenses	1,062,431	-	1,062,431
Increase in Net Assets	342,419	11,404	353,823
Net Assets			
Beginning of year	1,224,479	3,199,968	4,424,447
End of year	$ 1,566,898	$ 3,211,372	$ 4,778,270

See notes to consolidated financial statements.

Exhibit C-1

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Louisiana National Guard Foundation and Subsidiaries

New Orleans, Louisiana

For the year ended June 30, 2021

		Supporting Services	
	Program Services	Management and General	Total Expenses
Expenses			
Grants	$ 283,039	$ -	$ 283,039
Cleaning supplies and service	169,710	-	169,710
Program services and supplies	159,977	-	159,977
Professional fees	-	116,270	116,270
Legal	53,531	24,218	77,749
Utilities	47,733	1,008	48,741
Advertising	32,967	-	32,967
Software	16,480	1,140	17,620
Bank and credit card fees	14,589	673	15,262
Scholarships	13,000	-	13,000
Depreciation	5,700	6,224	11,924
Board expense	-	10,431	10,431
Other	8,265	788	9,053
Morale, welfare, and recreation	8,867	-	8,867
Auto expense	-	7,574	7,574
Office supplies	3,974	2,782	6,756
Repairs and maintenance	3,960	-	3,960
Surcharge	2,128	-	2,128
Insurance	-	1,977	1,977
Memorial brick expense	216	-	216
Staff development	119	-	119
Total expenses	$ 824,255	$ 173,085	$ 997,340

See notes to consolidated financial statements.

Exhibit C-2

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Louisiana National Guard Foundation and Subsidiaries

New Orleans, Louisiana

For the year ended June 30, 2020

	Program Services	Supporting Services: Management and General	Total Expenses
Expenses			
Grants	$308,828	$ -	$ 308,828
Cleaning supplies and service	206,184	-	206,184
Legal	136,482	28,880	165,362
Professional fees	-	120,158	120,158
Utilities	50,920	-	50,920
Program services and supplies	42,084	-	42,084
Surcharge	29,392	-	29,392
Bank and credit card fees	20,384	552	20,936
Other	14,994	3,070	18,064
Software	13,467	1,514	14,981
Morale, welfare, and recreation	14,050	-	14,050
Board expense	-	12,943	12,943
Advertising	12,493	-	12,493
Office supplies	11,539	687	12,226
Scholarships	11,476	-	11,476
Auto expense	-	6,781	6,781
Depreciation	5,392	-	5,392
Repairs and maintenance	4,320	-	4,320
Mentor training	4,133	-	4,133
Insurance	-	1,514	1,514
Staff development	118	-	118
Memorial brick expense	76	-	76
Total expenses	$886,332	$176,099	$1,062,431

See notes to consolidated financial statements.

Exhibit D

CONSOLIDATED STATEMENTS OF CASH FLOWS

Louisiana National Guard Foundation and Subsidiaries

New Orleans, Louisiana

For the years ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Increase in net assets	$ 387,288	$ 353,823
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	11,924	5,392
Net realized and unrealized (gain) loss on investments	(95,237)	37,387
Change in discount on Burn System receivable	(43,942)	(27,986)
(Increase) decrease in assets:		
Accounts receivable	4,761	(27,901)
Prepaid expenses	3,358	(6,103)
Other assets	(18,784)	5,918
Accrued interest	2,967	1,042
Burn System receivable, net	15,000	-
Increase (decrease) in liabilities:		
Accounts payable	28,921	(22,547)
Grants payable	(36,978)	48,247
Accrued expenses	(4,998)	(6,569)
Other liabilities	8,604	-
Deferred revenue	20,028	(3,405)
Net cash provided by operating activities	282,912	357,298
Cash Flows From Investing Activities		
Purchases of investments, net	(424,886)	(294,953)
Purchases of property and equipment	(234)	(29,254)
Escrow payable	(71,412)	(234,776)
Net cash used in investing activities	(496,532)	(558,983)

	2021	2020
Net Decrease in Cash and Cash Equivalents	(213,620)	(201,685)
Cash and Cash Equivalents		
Beginning of year	402,301	603,986
End of year	$ 188,681	$ 402,301
Reconciliation of Cash		
Cash	$ 188,681	$ 330,889
Restricted cash	-	71,412
Total cash and restricted cash	$ 188,681	$ 402,301

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Louisiana National Guard Foundation and Subsidiaries
New Orleans, Louisiana

June 30, 2021 and 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Louisiana National Guard Foundation and Subsidiaries is a 501(c)(3) non-profit corporation incorporated on November 15, 2016 under the laws of the State of Louisiana. The mission of the Louisiana National Guard Foundation and Subsidiaries (the "Organization") and its wholly owned subsidiaries (LANG Foundation - Camp Minden, LLC; LANG Foundation - Camp Minden Rail, LLC; LANG Foundation - Camp Villere, LLC; LANG Foundation - Esler Field, LLC; LANG Foundation - Family Resiliency and Social Welfare, LLC; LANG Foundation - Gillis W. Long Center, LLC; LANG Foundation - Jackson Barracks, LLC, LANG Foundation - Range Program, LLC; and LANG Foundation - Solar Power, LLC) (collectively, the "Organization") is to exclusively support the educational programs and the museums of the Louisiana National Guard as well as the Louisiana National Guard's mission, its members, veterans and their families.

In order to increase the Military Department of Louisiana's (LMD) capabilities to accomplish its mission, LMD has a Billeting Program (the "Program") for transient housing for soldiers, airmen, employees and other first responders at its major installations (Camp Beauregard, Camp Minden, Jackson Barracks, and the Gillis W. Long Center). In February of 2017, the LMD and the Organization entered into a cooperative endeavor agreement to operate and maintain the Program.

b. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Louisiana National Guard Foundation and Subsidiaries and its wholly owned subsidiaries (LANG Foundation - Camp Minden, LLC; LANG Foundation - Camp Minden Rail, LLC; LANG Foundation - Camp Villere, LLC; LANG Foundation - Esler Field, LLC; LANG Foundation - Family Resiliency and Social Welfare, LLC; LANG Foundation - Gillis W. Long Center, LLC; LANG Foundation - Jackson Barracks, LLC; LANG Foundation - Range Program, LLC, and LANG Foundation - Solar Power, LLC). All significant intercompany balances and transactions have been eliminated in consolidation.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

d. Basis of Presentation

The Organization reports information regarding financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on donor stipulations and restrictions placed on contributions, if any. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Support, revenue, and expenses for general operations. Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net Assets with Donor Restrictions - Contributions and grants specifically authorized by the grantor or donor to be used for a certain purpose, to benefit a specific accounting period or are to be held in perpetuity by the Organization.

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities.

e. Use of Estimates

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

f. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less, excluding those to be held for long term purposes, to be cash equivalents. Cash equivalents set aside for long term purposes as of June 30, 2021 and 2020 were $917,879 and $847,617, respectively, and are included in investments in the Consolidated Statements of Financial Position.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Accounts Receivable

Accounts receivable consists primarily of unsecured amounts due from various customers. Management closely monitors outstanding receivable and estimates an allowance for uncollectible receivables based on prior experience. Balances that are determined to be uncollectible are written off. All accounts are considered fully collectible by management. Accordingly, no provision for doubtful accounts is considered necessary.

h. Notes Receivable

Notes receivable are recorded at their outstanding balance, net of any allowance for doubtful accounts, if determined necessary.

i. Allowance for Doubtful Accounts

An allowance for doubtful accounts is estimated based on management's analysis of other receivables. As of June 30, 2021 and 2020, the allowance for doubtful accounts was $75,000, and is included in Burn System receivable, net on the Consolidated Statements of Financial Position.

j. Investments

Investments are valued at their fair values in the Consolidated Statements of Financial Position. 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 5 for a discussion of fair value measurements. Donated securities are recorded at their fair value at the date of donation. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses on investments recorded at fair value are included in the Consolidated Statements of Activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations or by law.

k. Property and Equipment

The Organization has adopted a policy of capitalizing all expenditures for depreciable assets where the unit cost exceeds $5,000. Property and equipment are recorded at cost. Donated property is recorded at its fair market value at the date of donation. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation is computed using the straight-line method over the estimated useful life of each asset which range from three to five years.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l. Burn System Receivable

The Burn System receivable is recorded at the outstanding balance, net of the allowance of $75,000.

m. Revenue Recognition

Revenues from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, "*Revenues from Contracts with Customers*", as amended. ASU No. 2014-09 applies to exchange transactions with customers and donors that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its Consolidated Statements of Activities for the years ended June 30, 2021 and 2020:

Billeting Revenue

The Organization recognizes billeting revenue at the time the service is performed. The performance obligations are generally satisfied over time. Revenue from room sales is recorded on a daily basis, as the rooms are occupied.

n. Contributions

Contributions are recorded as assets with donor restrictions or assets without donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

o. Contributed Services

Members of the Organization's board of directors have made significant contributions of their time to assist in the Organization's operations and related charitable programs. The value of this contributed time is not recorded in these consolidated financial statements as it does not meet the criteria for recognition.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Methods Used for Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and are reconciled to the natural classifications in the Consolidated Statements of Functional Expenses. Costs are charged directly to the appropriate program or functional area. Certain costs which benefit more than one functional area have been directly charged to the Organization's programs or supporting services benefited. Such allocations are determined by management on an equitable basis.

q. Income Taxes

The Organization is a nonprofit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2021, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ending June 30, 2018 and later remain subject to examination by the taxing authorities.

r. Recently Issued Accounting Standards

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "*Revenue from Contracts with Customers"* (Topic 606), which provides a single comprehensive model for entities to use in accounting for revenue from contracts with customers and supersedes most current revenue recognition models. Subsequent to the issuance of ASU No. 2014-09, the FASB issued several additional ASUs which amended and clarified the guidance and deferred the effective date. The new revenue standard is effective for annual reporting periods beginning after December 15, 2019. The Organization adopted the provisions of ASU No. 2014-09 and retrospectively applied this standard to the consolidated financial statements. The adoption of this accounting standard did not have a significant impact on the consolidated financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Recently Issued Accounting Standards (Continued)

Leases

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Consolidated Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Consolidated Statements of Activities and the Consolidated Statements of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full impact that the adoption of this standard will have on the consolidated financial statements.

s. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 5, 2021, which is the date the consolidated financial statements were available to be issued.

Note 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances with several financial institutions where the balances are insured by Federal Deposit Insurance Corporation up to $250,000. As of June 30, 2021, there were no balances in excess of the insured limits.

Note 3 - NOTE RECEIVABLE

In conjunction with the Burn System, the Organization received a note receivable with a face amount of $100,000 bearing interest at 6% (see Note 8). The note was originally to be paid to the Organization in full with accrued interest in March 2021. During the year ended June 30, 2021, the maturity date of the note receivable was extended to March 22, 2023. All unpaid principal and interest is due on that date. During the year ended June 30, 2021, $12,000 of accrued interest was received by the Organization related to the note receivable.

Note 4 - INVESTMENTS

Investments held as of June 30, 2021 and 2020 are comprised of the following:

	2021	2020
Asset-backed securities	$ 57,959	$ -
Certificates of deposit	201,934	862,500
Collateralized mortgage obligations	123,413	-
Corporate fixed income	346,306	-
Exchange-traded funds	625,410	362,705
Government sponsored enterprise fixed income	31,273	-
Money market funds	917,879	847,617
Mortgage-backed securities	210,606	-
U.S. Treasury fixed income	78,165	-
Totals	$ 2,592,945	$ 2,072,822

Investment income for the year ended June 30, 2021 is summarized as follows:

Increase in unrealized appreciation	$ 88,728
Realized gain	6,509
Interest and dividends	38,154
Advisor fees	(7,192)
Investment income	$ 126,199

Note 5 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

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

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

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;
- 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's 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value.

Asset-backed securities, collateralized mortgage obligations, corporate fixed income, government sponsored enterprise fixed income, and mortgage-backed securities - Valued by independent pricing vendors used by the custodians of the investments. The pricing vendor uses various pricing models for each asset class that are consistent with what other market participants would use. The inputs and assumptions to the models used by the pricing vendors are derived from market-observable sources, including benchmark yields, reported trades, broker/dealer quotes, and other market-related data. Since many of these fixed income securities do not trade on a daily basis, the methodology of the pricing vendor uses available information, including benchmark curves, benchmarking of like securities, and matrix pricing. These investments are included in level 2 of the fair value hierarchy.

Certificates of Deposit: Valued at the closing price as reported by the issuer. These are included in level 1 of the fair value hierarchy.

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

Money market funds and exchange-traded funds - Valued at quoted market prices, which represent the net asset value per unit. These are included in level 1 of the fair value hierarchy.

U.S. Treasury fixed income - Valued at the closing price reported on the active market on which the individual securities are traded. These are included in level 1 of the fair value hierarchy.

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with those of other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of June 30, 2021 and 2020, assets measured at fair value on a recurring basis are comprised of and determined as follows:

		2021		
		Based on		
Description	Total Assets Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Asset-backed securities	$ 57,959	$ -	$ 57,959	$ -
Certificates of deposit	201,934	201,934	-	-
Collateralized mortgage obligations	123,413	-	123,413	-
Corporate fixed income	346,306	-	346,306	-
Exchange-traded funds	625,410	625,410	-	-
Government sponsored enterprise fixed income	31,273	-	31,273	-
Money market funds	917,879	917,879	-	-
Mortgage-backed securities	210,606	-	210,606	-
U.S. Treasury fixed income	78,165	78,165	-	-
Totals	$ 2,592,945	$ 1,823,388	$ 769,557	$ -

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

	2020			
		Based on		
Description	Total Assets Measured At Fair Value	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificates of deposit	$ 862,500	$ 862,500	$ -	$ -
Exchange-traded funds	362,705	362,705	-	-
Money market funds	847,617	847,617	-	-
Totals	$ 2,072,822	$ 2,072,822	$ -	$ -

As of June 30, 2021 and 2020, there were no assets measured at fair value on a non-recurring basis.

Note 6 - PROPERTY AND EQUIPMENT

As of June 30, 2021 and 2020, property and equipment consists of the following:

	2021	2020
Furniture and fixtures	$ 28,488	$ 28,254
Website	17,175	17,175
Less accumulated depreciation	(20,012)	(8,088)
Net property and equipment	$ 25,651	$ 37,341

Depreciation expense for the years ended June 30, 2021 and 2020 was $11,924 and $5,392, respectively.

Note 7 - RAIL CAR STORAGE AND LEASE REVENUE

During September and October of 2017, the Organization, through the creation of subsidiary special purpose entities, LANG Foundation - Camp Minden, LLC, and LANG Foundation Camp Minden Rail, LLC, entered into two cooperative endeavor agreements (CEA) with the LMD to operate as the master subtenant that will sublease a rail line and a ground lease to private entities. The CEA has no termination date. As per an amendment to the CEA effective August 1, 2020, the Foundation shall pay $13,331 on or before the 5th day each month the CEA is in effect, which is deemed rent under the Master Lease.

Note 7 - RAIL CAR STORAGE AND LEASE REVENUE (Continued)

During the years ended June 30, 2021 and 2020, the Organization earned $403,635 and $394,208 respectively, related to these two CEAs.

Minimum lease payments to be received under these agreements are as follows at June 30, 2021:

Year Ending June 30,	
2022	$ 378,000
2023	378,000
2024	378,000
2025	378,000
2026	378,000
Thereafter	472,500
Total	$ 2,362,500

The Organization also leases other assets through which it acquired the right to lease the assets through other cooperative endeavor agreements with the LMD. These leases expire between the 2023 and 2083 fiscal years. The leases contain automatic increases of either the Consumer Price Index or 3%.

Minimum lease payments to be received under these agreements are as follows as of June 30, 2021:

Year Ending June 30,	
2022	$ 233,972
2023	205,360
2024	204,254
2025	155,653
2026	153,739
Thereafter	11,630,348
Total	$ 12,583,326

During the years ended June 30, 2021 and 2020, the Organization earned other lease revenue of $175,875 and $168,041, respectively.

Note 8 - BURN SYSTEM

In response to a need to safely dispose of surplus military munitions stored at Camp Minden, Louisiana, LMD constructed a contained burn chamber (the Burn System) for the destruction of the munitions.

LMD and LANG - Camp Minden, LLC entered into a cooperative endeavor agreement in April 2018 to remediate, clean, and disassemble the Burn System and relocate the Burn System to a temporary location on Camp Minden, and after a period not to exceed one year after the transfer closing requirements are met, to relocate the Burn System outside the state of Louisiana. The CEA was updated in March 2019.

In return for assistance with certain tasks and consideration, on March 22, 2019 LMD conveyed all of its rights, title and interest in the cleaned Burn System to the Organization after relocation to the temporary storage site and the completion of the EPA requirements. Immediately upon receipt of the interest in the Burn System, the Organization conveyed all of it rights in and obligations related to the asset to a third party for consideration totaling $3,586,924. The Act of Sale and an Assignment and Assumption Agreement were executed on March 22, 2019.

The Organization also received cash totaling $83,000 and a note receivable in the amount of $100,000, due on March 22, 2023. (See Note 3).

The Organization is receiving monthly payments of $5,000 related to the Burn System receivable.

The future payments on the Burn System receivable, net of the unamortized discount and allowance for doubtful accounts is as follows as of June 30, 2021 and 2020:

	2021	2020
Within one year	$ 60,000	$ 15,000
One to five years	240,000	220,000
Thereafter	3,071,924	3,151,924
Gross Burn System receivable	3,371,924	3,386,924
Less unamortized discount to net present value at rate of 3%	(992,662)	(1,036,604)
Less allowance for doubtful accounts	(75,000)	(75,000)
Burn System receivable, net	$2,304,262	$2,275,320

Note 8 - BURN SYSTEM (Continued)

The Organization had cash in an escrow account totaling $71,412 as of June 30, 2020 to be used solely to satisfy obligations connected to the Burn System dismantling and relocation. There was no cash in an escrow account as of June 30, 2021.

The CEA stated that the proceeds from the sale of the Burn System were to be restricted for the establishment of the Louisiana National Guard Relief Fund to be established by the Organization. Based on this, the contribution was reflected as a donor restricted contribution in accordance with US GAAP.

Note 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2021 and 2020 are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose:		
Friends of the Louisiana National Guard Museum	$ 155,362	$ 141,138
Youth Challenge Program and Military Education Training Enhancement Program	633,228	605,533
Total programs	788,590	746,671
Subject to expenditure for specified purpose and to the passage of time:		
LANG Emergency Relief Fund	2,485,506	2,464,701
Total net assets released	$ 3,274,096	$ 3,211,372

Note 9 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets were released from the donor restrictions by incurring expenses satisfying the restricted purpose during the years ended June 30, 2021 and 2020:

	2021	2020
Purpose restriction satisfied:		
Friends of the Louisiana National Guard Museum	$ 2,708	$ 23,109
Youth Challenge Program and Military Education Training Enhancement Program	14,618	16,800
Purpose restriction satisfied and passage of time:		
LANG Emergency Relief Fund	13,147	28,618
Total	$ 30,473	$ 68,527

Note 10 - LIQUIDITY AND AVAILABILITY OF ASSETS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's liquidity management plan includes adopting a balanced operating budget and maintaining operating reserves equal to $287,000 or approximately 25% of annual operating expenses. The Organization invests excess cash in money market accounts, certificates of deposit and other marketable securities.

The Organization receives grants and contributions with donor time and purpose restrictions. In addition, the Organization generates revenue and receives support without donor restrictions. Billeting revenues, contributions without donor restrictions, other revenue, lease revenue, and investment income without donor restrictions are considered to be available to meet cash needs for general expenditures. General expenditures include program services and management and general. Annual operations are defined as activities occurring during, and included in the budget for, the upcoming fiscal year.

Note 10 - LIQUIDITY AND AVAILABILITY OF ASSETS

The following table represents the Organization's financial assets available for general expenditures within one year as of June 30, 2021 and 2020:

	2021	2020
Financial assets		
Cash and cash equivalents	$ 188,681	$ 402,301
Accounts receivable	34,334	39,095
Note receivable	100,000	100,000
Accrued interest receivable	9,865	12,832
Investments	2,592,945	2,072,822
Burn System receivable, net	2,304,262	2,275,320
Total financial assets	5,230,087	4,902,370
Less amounts unavailable for general expenditures within one year, due to contractual or donor imposed restrictions:		
Cash, restricted	-	(71,412)
Notes receivable with maturities greater than one year	(100,000)	-
Investments with maturities greater than one year	(847,722)	(200,000)
Purpose or time restricted net assets	(3,274,096)	(3,211,372)
Total financial assets not available to be used within one year	(4,221,818)	(3,482,784)
Financial assets available to meet general expenditures within one year	$ 1,008,269	$ 1,419,586

Note 11 - SUBSEQUENT EVENTS

During the 2021, Louisiana Legislative Regular Session, Act 119 was passed and signed into law by Governor John Bel Edwards on June 7, 2021. The Act is effective beginning July 1, 2021. The Act appropriated $5 million to the Organization related to a project to construct a solar farm through the Organization's SPE, LANG Foundation - Solar Power, LLC. The Act states, "Every effort should be made to complete the objectives of the agreement and incur approved expenses by June 30, 2022. There is no extension of the June 30, 2022 deadline without legislative action and approval."

SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER

Louisiana National Guard Foundation and Subsidiaries

For the year ended June 30, 2021

Agency Head Name: Michael Niclosi, Executive Director

Purpose	
Salary (contract payments)	$86,625
Benefits - insurance	0
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	7,574
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	$94,199

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S 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

To the Board of Directors,
Louisiana National Guard Foundation and Subsidiaries,
New Orleans, 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 Louisiana National Guard Foundation and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 consolidated 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 charges with governance.

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Our consideration of internal control over financial reporting 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of 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 determination of financial statement amounts. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
October 5, 2021.

SCHEDULE OF FINDINGS AND RESPONSES

Louisiana National Guard Foundation and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2021

Section I - Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ____ Yes _X_ None reported

Noncompliance material to financial statements noted? ____ Yes _X_ No

b) Federal Awards

Louisiana National Guard Foundation and Subsidiaries did not expend federal awards in excess of $750,000 during the year ended June 30, 2021 and, therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2021 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2021 related to compliance and other matters.

(Continued)

Section III - Internal Control and Compliance Material to Federal Awards

Internal Control/Compliance

Louisiana National Guard Foundation and Subsidiaries did not expend federal awards in excess of $750,000 during the year ended June 30, 2021 and therefore is exempt from the audit requirements under the *Uniform Guidance.*

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Louisiana National Guard Foundation and Subsidiaries

New Orleans, Louisiana

For the year ended June 30, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2020 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2020 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Louisiana National Guard Foundation and Subsidiaries did not expend federal awards in excess of $750,000 during the year ended June 30, 2020 and, therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit of the consolidated financial statements for the year ended June 30, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN ON CURRENT YEAR FINDINGS

Louisiana National Guard Foundation and Subsidiaries
New Orleans, Louisiana

For the year ended June 30, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

There were no findings noted during the audit for the year ended June 30, 2021 related to internal control over financial reporting.

Compliance and Other Matters

There were no findings noted during the audit for the year ended June 30, 2021 related to compliance and other matters.

Section II - Internal Control and Compliance Material to Federal Awards

Louisiana National Guard Foundation and Subsidiaries did not expend federal awards in excess of $750,000 during the year ended June 30, 2021 and, therefore, is exempt from the audit requirements under the *Uniform Guidance*.

Section III - Management Letter

A management letter was not issued in connection with the audit of the consolidated financial statements for the year ended June 30, 2021.