EISNERAMPER

LSU FOUNDATION

Consolidated Financial Statements

June 30, 2026

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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, 2026 and 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the LSU Foundation as of June 30, 2026 and 2025, and the consolidated changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the 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 consolidated 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.

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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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
October 9, 2026

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2026 AND 2025

ASSETS

	2026	2025
CURRENT ASSETS		
Cash and cash equivalents	$ 26,631,503	$ 34,780,918
Restricted cash	227,371,483	30,474,028
Accrued interest receivable	1,558,731	1,495,869
Accounts receivable, net	4,746,424	2,787,310
Current portion of unconditional promises to give, net	25,541,974	43,941,291
Other current assets	847,947	232,456
Total current assets	286,698,062	113,711,872
NONCURRENT ASSETS		
Restricted assets:		
Investments	923,831,188	851,926,776
Assets held in split-interest agreements	2,278,770	2,295,772
Beneficial interest in split-interest agreements	3,345,370	3,044,498
Investment in partnership	10,309,111	10,820,614
Unconditional promises to give, net	32,004,123	28,310,219
Property and equipment, net	162,950,077	78,770,001
Right of use asset, net	109,058	138,303
Note receivable	240,000	-
Other noncurrent assets	1,297,830	1,305,092
Total noncurrent assets	1,136,365,527	976,611,275
Total Assets	$ 1,423,063,589	$ 1,090,323,147

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

LIABILITIES AND NET ASSETS

	2026	2025
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 16,621,569	$ 17,027,289
Current portion of funds held in custody for others	17,316,775	19,063,450
Compensated absences payable and other payroll liabilities	249,142	468,417
Current portion of notes payable	4,422,095	832,925
Current portion operating lease liability	13,977	23,667
Total current liabilities	38,623,558	37,415,748
NONCURRENT LIABILITIES		
Funds held in custody for others, net of current portion	131,182,834	126,218,421
Refundable advances	3,275,659	2,774,360
Operating lease liability, less current portion	88,526	108,081
Notes payable, less current portion	6,563,146	11,650,605
Bonds payable, net (see Note 9)	202,638,689	-
Total noncurrent liabilities	343,748,854	140,751,467
Total liabilities	382,372,412	178,167,215
NET ASSETS		
Without donor restrictions	122,593,998	97,445,221
With donor restrictions	918,097,179	814,710,711
Total net assets	1,040,691,177	912,155,932
Total Liabilities and Net Assets	$ 1,423,063,589	$ 1,090,323,147

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, 2026 AND 2025

	2026	2025
Changes in net assets without donor restrictions:		
Contributions	$ 2,023,886	$ 1,664,396
Service fees	1,443,859	1,444,906
Development services agreement	3,200,000	3,200,000
Earnings allocation, net	4,446,242	1,242,279
Federal and state grant revenue	21,945,562	13,535,549
Other revenues	9,835,409	6,538,442
	42,894,958	27,625,572
Net assets released from donor restrictions	57,229,997	60,471,201
Total revenues and other support without donor restrictions	100,124,955	88,096,773
Program expenses	50,687,000	55,277,246
Supporting services:		
Management and general	15,809,110	8,708,830
Fundraising	8,480,068	8,309,813
Total expenses	74,976,178	72,295,889
Change in net assets without donor restrictions	25,148,777	15,800,884
Changes in net assets with donor restrictions:		
Contributions	57,117,864	73,613,940
Earnings allocation	103,069,617	68,468,203
Changes in value of split-interest agreements	428,984	305,942
Total revenues with donor restrictions	160,616,465	142,388,085
Net assets released from donor restrictions	(57,229,997)	(60,471,201)
Change in net assets with donor restrictions	103,386,468	81,916,884
Change in net assets	128,535,245	97,717,768
Net assets - beginning of year	912,155,932	814,438,164
Net assets - end of year	$ 1,040,691,177	$ 912,155,932

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, 2026 AND 2025

	Year ended June 30, 2026			
	Program Services	Management and General	Fundraising	Total
University support	$ 39,469,755	$ -	$ -	$ 39,469,755
Salaries and benefits	-	4,293,951	6,615,149	10,909,100
Office operations	3,578,327	8,797,957	720,691	13,096,975
Meetings and development	3,453,681	73,419	459,064	3,986,164
Professional services	2,499,298	324,098	11,325	2,834,721
Depreciation	103,521	2,022,572	275,798	2,401,891
Travel	1,000,391	1,405	65,047	1,066,843
Occupancy	258,587	233,143	218,019	709,749
Dues and subscriptions	323,440	62,565	114,975	500,980
	$ 50,687,000	$ 15,809,110	$ 8,480,068	$ 74,976,178

	Year ended June 30, 2025			
	Program Services	Management and General	Fundraising	Total
University support	$ 42,927,315	$ -	$ -	$ 42,927,315
Salaries and benefits	-	4,612,329	6,694,284	11,306,613
Office operations	3,562,835	1,758,448	589,679	5,910,962
Meetings and development	3,524,564	75,553	455,507	4,055,624
Professional services	3,203,358	263,456	37,092	3,503,906
Depreciation	332,385	1,767,617	245,208	2,345,210
Travel	1,322,513	3,521	42,241	1,368,275
Occupancy	178,989	191,658	121,511	492,158
Dues and subscriptions	225,287	36,248	124,291	385,826
	$ 55,277,246	$ 8,708,830	$ 8,309,813	$ 72,295,889

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, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received for operations	$ 51,573,366	$ 66,735,596
Grants, service fees, and other receipts	36,621,647	26,327,434
Interest and dividends received	19,626,757	15,234,918
Grants paid to benefit Louisiana State University	(38,682,960)	(41,029,049)
Cash paid for supporting services	(31,334,364)	(24,364,908)
Interest paid	(3,053,109)	(479,298)
Net cash provided by operating activities	34,751,337	42,424,693
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(86,670,957)	(27,548,552)
Proceeds from sales of property and equipment	-	223,715
Purchases of investments	(274,737,596)	(215,287,448)
Proceeds from sales and maturities of investments	291,600,017	186,932,906
Net cash used in investing activities	(69,808,536)	(55,679,379)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment purposes	19,593,998	7,017,700
Principal payments on notes payable	(1,498,289)	(516,655)
Increase in funds held in custody	3,217,738	4,828,115
Increase in refundable advances	501,299	948,466
Proceeds from bond issuance	203,068,160	-
Payment of bond issuance costs	(1,077,667)	-
Net cash provided by financing activities	223,805,239	12,277,626
Net change in cash and cash equivalents	188,748,040	(977,060)
Cash and cash equivalents - beginning of the year	65,254,946	66,232,006
Cash and cash equivalents - end of the year	$ 254,002,986	$ 65,254,946

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF FINANCIAL POSITION

Cash and cash equivalents	$ 26,631,503	$ 34,780,918
Restricted cash	227,371,483	30,474,028
	$ 254,002,986	$ 65,254,946

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 Green House District Project, LLC, Recital Hall, LLC, Geology Field Camp, LLC, Burden Museum and Gardens, LLC, Bengal Village, LLC, Charity Hospital Redevelopment, LLC, University Lakes, LLC, Pilots Pointe, LLC, HPL Field House, LLC, Utilities Modernization, LLC, HSC-NO Property Redevelopment, LLC, Wildlife Hospital, LLC, University Commons, L3C, ISB Enhancement, L3C, Law Library, L3C, LSUE Student Housing, L3C, Flagship Campus Tour, L3C, Construction Education Building, L3C, and South Quad, L3C. LSU REFF was the sole member of the Hilltop Arboretum Projects, LLC, ULS, LLC, BSL3, LLC, Veteran's Center, LLC and Choppin Hall Lab, LLC, which were dissolved during the year ended June 30, 2026.

As such, the consolidated financial statements of the Foundation include the accounts of the LSU Foundation, Cook Legacy, LLC and University House, L3C, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Financial Accounting Standards Board ("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, 2026 and 2025, 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 donor 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 GAAP 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. Restricted cash represents amounts set aside to fund restrictions imposed by donors and unspent bond proceeds restricted for the construction of new student housing and parking facilities (see Note 9).

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, 2026 and 2025, 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.

Grant Revenue

Revenues from grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has met the performance requirements and/or incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying consolidated statements of financial position.

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 $3,275,659 and $2,774,360, at June 30, 2026 and 2025, respectively.

Bond premium, discount, and issuance costs

The bond premium, discount, and issuance costs are being amortized over the term of the bonds using the effective interest method. The Foundation presents unamortized bond premium, discount, and issuance costs as a direct deduction from the carrying amount of the related debt liability on the consolidated statements of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

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.

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 accordance with ASC 842, *Leases*, the Foundation determines if an arrangement is a lease at the inception of the contract. For leases with terms greater than twelve months, right-of-use ("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.

1. Summary of Significant Accounting Policies (continued)

Leases (continued)

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.

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 $249,142 and $468,417 at June 30, 2026 and 2025, 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 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, 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 16 for cash commitments relating to these investments.

Investments consisted of the following at June 30, 2026 and 2025:

	2026	2025
Government agency obligations	$ 203,335,091	$ 180,905,951
Corporate obligations	-	4,941,015
Common stocks	10,353,262	9,100,473
Mutual funds	259,620,470	209,518,690
Commingled funds	118,117,936	133,823,368
Hedge funds	207,811,550	191,480,394
Municipal obligations	560,342	1,005,793
Private equity	117,408,106	106,335,238
Separately managed accounts	6,470,348	14,661,771
Royalty interests	154,083	154,083
	$ 923,831,188	$ 851,926,776

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, 2026 or 2025.

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, 2026, and 2025.

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, 2026 and 2025:

	Level 1	Level 2	Level 3	Totals
June 30, 2026:				
U.S. Treasury securities	$ 203,335,091	$ -	$ -	$ 203,335,091
Municipal obligations	-	560,342	-	560,342
Corporate obligations	-	-	-	-
Common stocks	10,353,262	-	-	10,353,262
Mutual funds:				
Domestic equity	140,602,604	-	-	140,602,604
Developed foreign equity	22,872,172	-	-	22,872,172
Core fixed income	75,602,722	-	-	75,602,722
Global equity	20,542,972	-	-	20,542,972
Assets held in split interest agreements	2,278,770	-	-	2,278,770
Beneficial interest in split-interest agreements	-	-	3,345,370	3,345,370
Royalty interests	-	-	154,083	154,083
	$ 475,587,593	$ 560,342	$ 3,499,453	479,647,388
Commingled funds (including hedge funds measured at net asset value) (*a*)				325,929,486
Private market investments measured at net asset value (*a*)				117,408,106
Other investments measured at net asset value (including separately managed accounts) (*a*)				6,470,348
				$ 929,455,328
June 30, 2025:				
U.S. Treasury securities	$ 180,905,951	$ -	$ -	$ 180,905,951
Municipal obligations	-	1,005,793	-	1,005,793
Corporate obligations	-	4,941,015	-	4,941,015
Common stocks	9,100,473	-	-	9,100,473
Mutual funds:				
Domestic equity	106,547,107	-	-	106,547,107
Developed foreign equity	18,104,338	-	-	18,104,338
Core fixed income	66,375,894	-	-	66,375,894
Global equity	18,491,351	-	-	18,491,351
Assets held in split interest agreements	2,295,772	-	-	2,295,772
Beneficial interest in split-interest agreements	-	-	3,044,498	3,044,498
Royalty interests	-	-	154,083	154,083
	$ 401,820,886	$ 5,946,808	$ 3,198,581	410,966,275
Commingled funds (including hedge funds measured at net asset value) (*a*)				325,303,762
Private market investments measured at net asset value (*a*)				106,335,238
Other investments measured at net asset value (including separately managed accounts) (*a*)				14,661,771
				$ 857,267,046

(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, 2026:				
Commingled funds	$ 81,161,300	$ -	quarterly or less	≤ 90 days
Commingled funds	36,956,635	-	longer than quarterly	≤ 90 days
Hedge funds:				
Long/short equity	-	-	longer than quarterly	≤ 90 days
Event driven	13,636,764	-	longer than quarterly	≤ 90 days
Multi-strategy	41,641,715	-	longer than quarterly	≤ 90 days
Multi-strategy	152,533,072	-	quarterly or less	≤ 90 days
Total commingled and hedge funds	325,929,486	-		
Private markets	117,408,106	48,914,281	*	
Other	6,470,348	-	quarterly or less	≤ 90 days
Total	$ 449,807,940	$ 48,914,281		
June 30, 2025:				
Commingled funds	$ 91,258,648	$ -	quarterly or less	≤ 90 days
Commingled funds	42,564,720	-	longer than quarterly	≤ 90 days
Hedge funds:				
Long/short equity	119,660	-	longer than quarterly	≤ 90 days
Event driven	21,563,556	-	longer than quarterly	≤ 90 days
Multi-strategy	54,087,921	-	longer than quarterly	≤ 90 days
Multi-strategy	115,709,258	-	quarterly or less	≤ 90 days
Total commingled and hedge funds	325,303,762	-		
Private markets	106,335,238	49,617,406	*	
Other	14,661,771	-	quarterly or less	≤ 90 days
Total	$ 446,300,772	$ 49,617,406		

* 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, 2026 and 2025:

Balance - June 30, 2024	$ 2,967,129
Unrealized gains	231,452
Balance - June 30, 2025	3,198,581
Unrealized gains	300,872
Balance - June 30, 2026	$ 3,499,453

The realized and unrealized gains or losses recorded during the years ended June 30, 2026 and 2025, 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, 2026 and 2025, were as follows:

	2026	2025
Promises to give expected to be collected in:		
Less than one year	$ 26,014,927	$ 44,322,986
One to five years	26,454,066	31,309,940
More than five years	11,983,804	2,630,494
	64,452,797	78,263,420
Less discount on promises to give	(6,341,247)	(5,511,286)
Less allowance for uncollectible accounts	(565,453)	(500,624)
Net unconditional promises to give	$ 57,546,097	$ 72,251,510

The discount rates used in discounting unconditional promises to give that were made in fiscal years 2026 and 2025 were 4.15% and 3.91%, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, 2026 and 2025, the fair value of both the asset and corresponding liability of these charitable remainder trusts totaled $249,177 and $232,977, 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 – assets held in split-interest agreements on the consolidated statements of financial position at the fair value of $2,029,593 and $2,062,795 at June 30, 2026 and 2025, respectively. The present value of the amount due to these donors or their designees as of June 30, 2026 and 2025, totaled $1,451,003 and $1,564,007, respectively, and is reported as funds held in custody for others in the consolidated statements of financial position.

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, 2026 and 2025, the fair value of the beneficial interests totaled $3,345,370 and $3,044,498 respectively.

6. Property and Equipment

Property and equipment consisted of the following at June 30, 2026 and 2025:

	2026	2025
Leasehold improvements	$ 2,756,055	$ 2,756,055
Buildings and building improvements	30,799,239	30,526,992
Furniture and equipment	4,721,501	4,803,815
	38,276,795	38,086,862
Less: accumulated depreciation	(14,279,578)	(11,971,052)
	23,997,217	26,115,810
Construction in progress	138,447,229	52,148,560
Land	463,866	463,866
Artwork and other non-depreciable assets	41,765	41,765
	$ 162,950,077	$ 78,770,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 $10,309,111 and $10,820,614 at June 30, 2026 and 2025, respectively. The summarized financial information as of and for the years ended June 30, 2026 and 2025 of the Shaw Center for the Arts, LLC is as follows:

	2026	2025
Total assets	$ 20,879,591	$ 21,846,394
Total liabilities	$ 273,364	$ 205,166
Net loss	($ 1,023,005)	($ 981,874)

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 was secured by the mortgaged property. The note bore interest at a fixed rate of 3.5% and was scheduled to mature on November 8, 2026. During the year ended June 30, 2026, the note was paid in full and no outstanding balance remained at June 30, 2026. The outstanding balance as of June 30, 2025 was $700,380. For the years ended June 30, 2026 and 2025, interest expense totaling $22,400 and $25,327, respectively, was recognized and is included in office operations expense within the management and general function on the consolidated statements of functional expenses.

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, 2026 and 2025, are $1,676,700 and $1,773,900, respectively. Level payments of principal and interest are due until the maturity date, March 28, 2028. For the years ended June 30, 2026 and 2025, interest expense totaling $80,810 and $85,351, respectively, was recognized and is included in office operations expense within the management and general function on the consolidated statements of functional expenses.

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 loan was refinanced on September 8, 2025. The interest rate was changed to 5.15% and the maturity date of the loan was extended to September 8, 2032. The outstanding balances as of June 30, 2026 and 2025, are $5,167,916 and $5,648,856, respectively. For the years ended June 30, 2026 and 2025, interest expense totaling $219,486 and $261,182, respectively, was recognized and is included in office operations expense within the management and general function on the consolidated statements of functional expenses.

8. Notes Payable (continued)

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, 2026 and 2025 are $4,140,625 and $4,361,458, respectively. The note is scheduled to mature on March 25, 2027. For the years ended June 30, 2026 and 2025, interest expense totaling $102,145 and $107,438, respectively, was recognized and is included in office operations expense within the management and general function on the consolidated statements of functional expenses.

The notes payable are scheduled to mature as follows:

Year ending June 30,	Amount
2027	$ 4,422,095
2028	1,773,466
2029	204,194
2030	214,962
2031	226,298
Thereafter	4,144,226
	$ 10,985,241

9. Bonds Payable

On September 30, 2025, the Louisiana Public Facilities Authority issued $199,265,000 of Series 2025 Lease Revenue Bonds, on behalf of South Quad L3C, a subsidiary of LSU REFF. The bonds were issued to finance the construction of new student housing and parking facilities.

The bonds were issued at a premium of $6,258,776 and included an underwriter discount of $1,693,753. Bond issuance costs were $1,077,667. The bonds bear interest at rates ranging from 4.75% to 5.25%. Interest is payable semiannually on January 1 and July 1 of each year. As of June 30, 2026, $5,038,025 of accrued interest payable is recorded in accounts payable and other liabilities on the consolidated statements of financial position. The bonds mature in installments starting July 1, 2035, and ending July 1, 2065, with principal repayments scheduled annually beginning January 1, 2035 through maturity.

Pursuant to the financing structure, South Quad L3C leases the project site from the Board of Supervisors of Louisiana State University ("LSU") and leases the completed facilities back to LSU. Rental payments received under the facilities lease are intended to provide amounts sufficient to pay debt service on the bonds and operational costs. After 40 years or final payment of the bonds, all of South Quad L3C's interest in the facilities transfers to LSU. The bonds are secured by all of South Quad L3C's interest in the facilities and a pledge of all rents.

Interest expense for the year ended June 30, 2026 was $7,585,027. Of this amount, $2,078,080 was capitalized as a component of construction in progress related to the South Quad project. As a result, interest expense totaling $5,506,947 was recognized and is included in office operations expense within the management and general function on the consolidated statements of functional expenses. Bond premium amortization of $183,718, underwriter discount amortization of $49,718, and bond issuance costs amortization of $20,333 for the year ended June 30, 2026, is included in office operations expense within the management and general function on the consolidated statements of functional expenses.

9. Bonds Payable (continued)

Bonds payable consisted of the following at June 30, 2026:

Bonds payable	$ 199,265,000
Add: Unamortized bond premium	6,075,058
Less: Unamortized debt issuance costs	(1,057,334)
Less: Unamortized underwriters discount	(1,644,035)
	202,638,689
Less: portion classified as current	(-)
	$ 202,638,689

The bonds payable are scheduled to mature as follows:

Year ending June 30,	Amount
2027 - 2031	$ -
2032 - 2036	3,915,000
2037 - 2041	25,045,000
2042 - 2046	22,655,000
2047 - 2051	21,160,000
2052 - 2056	27,415,000
2057 - 2061	40,630,000
2062 - 2066	58,445,000
	$ 199,265,000

10. 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, 2026 and 2025, were as follows:

	2026	2025
LSU - Alexandria Foundation	$ 29,596,256	$ 28,381,843
LSU - Eunice Foundation	5,317,934	4,476,698
State Matching Funds Managed for the University	111,885,239	110,626,347
Split-interest agreements	1,700,180	1,796,984
	148,499,609	145,281,871
Less: portion classified as current	(17,316,775)	(19,063,450)
	$ 131,182,834	$ 126,218,421

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Net Assets

Net assets with donor restrictions at June 30, 2026 and 2025, were restricted for the following purposes:

	2026	2025
Chairs and professorships	$ 276,243,618	$ 248,326,682
Scholarships and fellowships	207,961,818	190,056,316
Academic support and development	267,645,883	228,774,472
Capital outlay and improvements	94,414,684	84,479,439
Research support	52,104,352	50,746,406
Institutional support	19,726,824	12,327,396
	$ 918,097,179	$ 814,710,711

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

	2026	2025
Chairs and professorships	$ 134,840,418	$ 135,056,582
Scholarships and fellowships	112,018,177	107,839,830
Academic support and development	94,449,888	78,781,420
Capital outlay and improvements	233,727	233,727
Research support	3,667,663	3,704,316
	$ 345,209,873	$ 325,615,875

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, 2026 and 2025, as follows:

	2026	2025
Chairs and professorships	$ 9,600,429	$ 9,317,871
Scholarships and fellowships	13,182,303	12,867,582
Academic support and development	24,508,540	23,906,204
Capital outlay and improvements	4,075,253	8,827,301
Research support	5,011,257	3,319,481
Institutional support	852,215	2,232,762
	$ 57,229,997	$ 60,471,201

11. Net Assets (continued)

The Foundation's net assets without donor restrictions at June 30, 2026 and 2025, comprised undesignated and Board designated amounts to support the activities below:

	2026	2025
Undesignated	$ 78,194,975	$ 53,272,401
Board designated for continued University support	24,473,516	24,210,564
Board designated for operating reserve	6,148,320	5,808,404
Board designated for capital outlay and improvements	2,778,510	2,697,952
Board designated for quasi-endowment and scholarships	689,566	635,286
Board designated for partnership investment	10,309,111	10,820,614
	$ 122,593,998	$ 97,445,221

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.

12. 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, 2026 and 2025, 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.

12. 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, 2026 and 2025, the fair value of these Board Designated Endowed Funds was $689,566 and $635,286 respectively.

The changes in endowment net assets, by fund type, for the years ended June 30, 2026 and 2025, were as follows:

	Without donor Restrictions	With donor Restrictions	Total
Balance at June 30, 2024	$ 605,739	$ 530,985,689	$ 531,591,428
Investment return	29,547	36,268,756	36,298,303
Contributions	-	10,935,498	10,935,498
Balance at June 30, 2025	635,286	578,189,943	578,825,229
Investment return	54,280	70,476,703	70,530,983
Contributions	-	21,873,409	21,873,409
Balance at June 30, 2026	$ 689,566	$ 670,540,055	$ 671,229,621

The composition of endowed net assets, by fund type, at June 30, 2026 and 2025, was as follows:

	Without donor Restrictions	With donor Restrictions	Total
June 30, 2026:			
Donor-restricted endowment			
Restricted in perpetuity	$ -	$ 345,209,873	$ 345,209,873
Purpose restricted	-	325,330,182	325,330,182
Board-designated endowment	689,566	-	689,566
	$ 689,566	$ 670,540,055	$ 671,229,621
June 30, 2025:			
Donor-restricted endowment			
Restricted in perpetuity	$ -	$ 325,615,875	$ 325,615,875
Purpose restricted	-	252,574,068	252,574,068
Board-designated endowment	635,286	-	635,286
	$ 635,286	$ 578,189,943	$ 578,825,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Liquidity and Availability (continued)

The table below presents financial assets available for general expenditures within one year at June 30, 2026 and 2025:

	2026	2025
Financial assets available within one year at year end:		
Cash, cash equivalents, and restricted cash	$ 254,002,986	$ 65,254,946
Investments	923,831,188	851,926,776
Accrued interest receivable	1,558,731	1,495,869
Accounts receivable, net	4,746,424	2,787,310
Current portion of unconditional promises to give, net	25,541,974	43,941,291
Total financial assets available within one year	1,209,681,303	965,406,192
Less amounts unavailable to be used for general expenditures:		
Amounts held in custody for others	148,499,609	145,281,871
Designated by Board of Directors, excluding partnership investment	34,089,912	33,352,206
Donor-restricted endowments	670,540,055	578,189,943
Unspent bond proceeds restricted for construction	147,776,120	-
Financial assets unavailable to be used for general expenditures	1,000,905,696	756,824,020
Total financial assets available to management for general expenditure within one year	$ 208,775,607	$ 208,582,172

14. 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 their first contribution to the plan. The retirement plan requires a minimum participation age of 21. The Foundation contributed $482,520 and $499,587 to the Plan during the years ended June 30, 2026 and 2025, respectively.

15. Operating Leases

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. The present value of the remaining lease payments is included in right of use asset, net and operating lease liability on the consolidated statements of financial position.

16. Commitments

The Foundation has contractual commitments associated with the construction, restoration, and renovation projects for certain LSU buildings and properties. The total contract amount for these projects is $292,557,990 and the remaining commitment as of June 30, 2026, totals $155,909,383.

The Foundation also previously committed $227,407,383 to various Private Equity Funds. As of June 30, 2026, the remaining commitments to these funds total $48,914,281.

17. 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, 2026 and 2025, for these types of expenses was $2,727,175 and $4,243,979, respectively, and is included in accounts payable on the consolidated statements of financial positions.

18. Subsequent Events

Management evaluated subsequent events through October 9, 2026, the date that the consolidated financial statements were available to be issued, and determined that no subsequent events occurred requiring disclosure. No events occurring after this date have been evaluated for inclusion in these consolidated financial statements.