
**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Financial Statements and Schedules

December 31, 2020

With Independent Auditors' Report Thereon

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
University of New Orleans
Research and Technology Foundation, Inc.

We have audited the accompanying financial statements of the University of New Orleans Research and Technology Foundation, Inc., (a nonprofit organization) (the Foundation), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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


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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of New Orleans Research and Technology Foundation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2021, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 Foundation's internal control over financial reporting and compliance.



Metairie, Louisiana
May 28, 2021

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Statements of Financial Position

As of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and cash equivalents (Note 1 and 15)	\$ 4,928,292	\$ 1,256,806
Receivables (Note 1, 4 and 12)	1,045,104	1,565,929
Financing lease receivable (Note 1 and 14)	1,220,000	1,135,000
Investments (Note 1, 3 and 7)	12,631,667	11,699,079
Other current assets	256,815	216,847
Total current assets	20,081,878	15,873,661
Non-current assets:		
Investments (Note 1, 3 and 7)	254,568	2,279,043
Financing lease receivable (Note 1 and 14)	29,885,000	31,105,000
Property and equipment, net of accumulated depreciation of \$44,611,644 and \$42,061,259, respectively (Note 5)	41,014,296	43,564,681
Other non-current assets	231,993	323,000
Total non-current assets	71,385,857	77,271,724
Total assets	\$ 91,467,735	\$ 93,145,385
Current liabilities:		
Accounts payable and accrued liabilities	\$ 636,310	\$ 739,140
Due to affiliates (Note 12)	145,604	125,689
Prepaid rent	867,770	584,553
Amounts held in custody for others (Note 1)	92,381	92,332
Amounts held in custody for affiliates (Note 1 and 12)	104,611	213,579
Interest payable	478,311	487,272
Notes payable (Note 8)	739,609	487,210
Bonds payable, net (Note 1 and 9)	1,411,452	1,337,157
Other current liabilities	15,503	134,947
Total current liabilities	4,491,551	4,201,879
Non-current liabilities:		
Accounts payable and accrued liabilities	-	178,071
Due to affiliates (Note 12)	-	133,553
Notes payable (Note 8)	2,204,161	2,671,950
Prepaid rent, net of current portion	1,298,899	1,804,852
Bonds payable, net (Note 1 and 9)	30,467,716	31,879,168
Total non-current liabilities	33,970,776	36,667,594
Total liabilities	38,462,327	40,869,473
Net assets:		
Without donor restrictions (Note 1)	52,880,714	52,148,609
With donor restrictions (Note 1)	124,694	127,303
Total net assets	53,005,408	52,275,912
Total liabilities and net assets	\$ 91,467,735	\$ 93,145,385

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Statements of Activities and Changes in Net Assets

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Changes in net assets without donor restrictions:		
Revenues and support:		
Federal grants and contracts	\$ 728,672	\$ 836,806
Non-federal grants and contracts	455,000	478,427
International programs, net	-	27,891
Property operations	6,607,881	6,315,340
Amortized tenant improvements	505,953	505,953
Student housing	1,438,395	1,465,650
Technology transfer	30,592	475,678
Investment earnings, net	763,612	897,432
Other revenues	6	75,473
Total revenues and other support without donor restrictions before net assets released from restriction	<u>10,530,111</u>	<u>11,078,650</u>
Net assets released from restrictions:		
Net assets released from restriction	2,609	2,609
Net assets released from restrictions	2,609	2,609
Total revenues and other support without donor restrictions	<u>10,532,720</u>	<u>11,081,259</u>
Expenses:		
Program services:		
Property operations	\$ 6,139,468	\$ 6,774,910
Student housing (Note 12)	1,256,838	1,278,547
Federal grants and contracts	688,546	785,366
Other University support	522,819	611,218
Technology transfers (Note 12)	30,064	338,297
Total program expenses	<u>8,637,735</u>	<u>9,788,338</u>
Supporting services:		
General and administrative expenses	1,099,847	1,258,735
Termination benefits loss	63,033	253,839
Total expenses	<u>9,800,615</u>	<u>11,300,912</u>
Increase/(decrease) in net assets without donor restrictions	<u>732,105</u>	<u>(219,653)</u>
Changes in net assets with donor restrictions:		
Net assets released from restrictions	(2,609)	(2,609)
Total revenues and other support with donor restrictions	<u>(2,609)</u>	<u>(2,609)</u>
Decrease in net assets with donor restrictions	<u>(2,609)</u>	<u>(2,609)</u>
Change in net assets	729,496	(222,262)
Net assets, at beginning of year	<u>52,275,912</u>	<u>52,498,174</u>
Net assets, at end of year	<u>\$ 53,005,408</u>	<u>\$ 52,275,912</u>

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Statements of Functional Expenses

For the years ended December 31, 2020 and 2019

2020

	Program expenses	General and administrative expenses	Total
Donations to university/affiliates	\$ 65,718	\$ -	\$ 65,718
Employee compensation	380,611	856,783	1,237,394
Fees for services	609,448	92,947	702,395
Advertising and promotion	-	10,450	10,450
Office expenses	63,376	75,831	139,207
Information technology	-	52,393	52,393
Royalties	20,894	-	20,894
Occupancy	1,186,820	-	1,186,820
Travel	3,318	-	3,318
Conferences, conventions, and meetings	1,724	1,821	3,545
Interest	1,303,645	-	1,303,645
Insurance	316,179	-	316,179
Depreciation and amortization	2,675,365	-	2,675,365
Loss on insurance receivables	-	9,590	9,590
Federal grant subawards	670,658	-	670,658
Property operation/maintenance services	1,296,097	32	1,296,129
Property operation/maintenance supplies	43,882	-	43,882
Total expenses by function	<u>8,637,735</u>	<u>1,099,847</u>	<u>9,737,581</u>
Plus non-recurring expenses			
Termination benefits loss	-	-	63,033
Total expenses included on the statement of activities	<u>\$ 8,637,735</u>	<u>\$ 1,099,847</u>	<u>\$ 9,800,614</u>

2019

	Program expenses	General and administrative expenses	Total
Donations to university/affiliates	\$ 66,985	\$ -	\$ 66,985
Employee compensation	574,975	1,018,424	1,593,399
Fees for services	645,172	67,934	713,106
Advertising and promotion	3,605	1,000	4,605
Office expenses	42,829	99,842	142,671
Information technology	24,352	48,977	73,329
Royalties	331,366	-	331,366
Occupancy	943,161	-	943,161
Travel	18,051	1,738	19,789
Conferences, conventions, and meetings	21,803	11,012	32,815
Interest	1,341,847	-	1,341,847
Insurance	11,638	-	11,638
Depreciation and amortization	2,684,178	-	2,684,178
Settlement expenses	-	9,808	9,808
Federal grant subawards	785,366	-	785,366
Property operation/maintenance services	2,216,893	-	2,216,893
Property operation/maintenance supplies	76,117	-	76,117
	<u>\$ 9,788,338</u>	<u>\$ 1,258,735</u>	<u>\$ 11,047,073</u>
Plus non-recurring expenses			
Termination benefits loss	-	-	253,839
Total expenses included on the statement of activities	<u>\$ 9,788,338</u>	<u>\$ 1,258,735</u>	<u>\$ 11,300,912</u>

The accompanying notes are an integral part of these financial statements

UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 729,496	\$ (222,262)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Amortization of cost of bond issuance and bond insurance	37,451	37,450
Amortization of bond premium	(239,608)	(245,654)
Amortization of tenant improvements	(505,953)	(505,953)
Amortization of initial direct costs	87,529	72,100
Depreciation expense	2,550,385	2,574,626
Unrealized gain on investments	(617,947)	(519,707)
Loss on insurance receivable	9,590	-
Changes in assets and liabilities:		
Receivables	511,235	(163,371)
Other current assets	(127,497)	(186,649)
Other non-current assets	91,007	63,934
Compensated absences	(118,659)	(15,133)
Payables and accrued liabilities	(280,901)	122,953
Due to affiliates	(113,638)	(25,925)
Prepaid rent	283,217	2,738
Amounts held in custody for others and affiliates	(108,919)	(90,939)
Interest payable	(8,961)	(11,119)
Other current liabilities	(785)	(148,366)
Net cash provided by operating activities	<u>2,177,042</u>	<u>738,723</u>
Cash flows from investing activities:		
Net purchases of investments	1,709,834	(382,380)
Receipts on capital leases	1,135,000	1,055,000
Net cash provided by investing activities	<u>2,844,834</u>	<u>672,620</u>
Cash flows from financing activities:		
Principal payments on notes payable	(482,303)	(472,002)
Principal payments on bonds payable	(1,135,000)	(1,055,000)
Receipts from notes payable	266,913	-
Net cash used in financing activities	<u>(1,350,390)</u>	<u>(1,527,002)</u>
Change in cash and cash equivalents	3,671,486	(115,659)
Cash and cash equivalents at beginning of year	<u>1,256,806</u>	<u>1,372,465</u>
Cash and cash equivalents at end of year	<u>\$ 4,928,292</u>	<u>\$ 1,256,806</u>

SUPPLEMENTAL NON-CASH FLOW DISCLOSURE:

Cash paid during the year for interest	\$ <u>1,551,454</u>	\$ <u>1,598,622</u>
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The accompanying notes are an integral part of these financial statements

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(1) Summary of Significant Accounting Policies

(a) History and Organization

The University of New Orleans Research and Technology Foundation, Inc. (the Foundation), a registered non-profit corporation in Louisiana, was established on March 3, 1997 to accomplish the following purposes:

- 1) As its principal purpose, to support any and all appropriate programs, facilities and research and educational opportunities offered by the University of New Orleans (the University) and the University of Louisiana System (the UL System);
- 2) To promote and support the well-being and advancement of the University and all the colleges, schools, departments, and divisions comprising it, and to develop, expand, and improve the University's curricula, programs, and facilities so as to provide greater educational advantages and opportunities; encourage teaching, research, scholarship, and service, and increase the University's benefits to the citizens of the State of Louisiana, the United States of America and the world; be fulfilled and removed by actions of the Foundation pursuant to those stipulations;
- 3) To engage in scientific research carried on for the purpose of aiding a community or geographical area by attracting new industry to the community or area or by encouraging the development of or retention of, an industry in the community or area;
- 4) To promote the development of high technology industries and research in Louisiana;
- 5) To create, develop, construct, operate, manage and finance one or more research and technology parks, technology enterprise centers and other facilities and operations which promote development of research, development and high technology in Louisiana;
- 6) To increase employment opportunities in Louisiana;
- 7) To promote research and development in Louisiana;
- 8) To promote cooperation between the public and private sector with respect to research and development;
- 9) To attract nationally prominent scientists and researchers to the University;
- 10) To maximize research capabilities in Louisiana;

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(1) Summary of Significant Accounting Policies (continued)

(a) History and Organization (continued)

11) To solicit and accept, whether by way of outright, limited or conditional gifts, grants and bequests, in trust or otherwise, donations of all kinds, including property, both real and personal, whether principal or income, tangible or intangible, vested or contingent, for the purpose of providing funds or property for the general purposes of the corporation and for research, instructional activities, scholarships, public service activities, and such other designated benefits for the University and its faculty, staff and students as may be prescribed by donors or testators to the corporation;

12) To exercise all such powers and authority as may be necessary for the accomplishment of the objectives and purposes herein set forth and to do any and all other things related to or connected therewith which are not forbidden by law.

Significant sources of revenue to the Foundation include grants, contracts, tenant rents, and property operations revenues and support to carry out these objectives. The Foundation did not receive any state or local governmental funds to support its operations or its programs during the years ended December 31, 2020 and 2019.

(b) Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (US GAAP) which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions - 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 Foundation's management and the board of directors. The revenues received and expenses incurred in conducting the mission of the Foundation are included in this category. The Foundation has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Foundation, and therefore, the Foundation's policy is to record these net assets as without donor restrictions. The Foundation considers the revenues received from the Cooperative Endeavor Agreements (the Agreements) to be exchange transactions, since each party to the Agreements receives and provides something of approximately equal value.
- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(1) Summary of Significant Accounting Policies (continued)

(b) Basis of Presentation (continued)

Donor restricted contributions are reported as increases 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 Statements of Activities and Changes in Net Assets. Net assets with donor restrictions consist of a private donation made in 2012 of property to house an urban art gallery with a book value of \$124,694 and \$127,303 as of December 31, 2020 and 2019, respectively.

(c) Cash and Cash Equivalents

For the purposes of the Statements of Cash Flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

(d) Amounts Held in Custody For Others and Affiliates

Amounts held in custody for others consist of security deposits from building tenants. The tenants are required to pay a security deposit at the beginning of their lease. Amounts held in custody for affiliates consist of amounts held for use in support of the University.

(e) Receivables

Accounts receivable and financing receivables are considered delinquent after a period of nonpayment of 90 days. Although credit risks associated with tenants for accounts receivable or lessees for financing receivables are considered minimal, a review is routinely made of accounts receivable balances, and provisions for doubtful accounts are made. In circumstances where management is aware of a specific inability to meet their financial obligations (e.g., bankruptcy filings), a specific reserve is recorded to reduce the receivable to the amount expected to be collected. For all others, an allowance for bad debts is established by management based on historical trends. Receivables are written off when management deems collectability is doubtful. Bad debt expense, if any, and any related recoveries are included in the Statements of Activities and Changes in Net Assets. Management considers the receivable balances to be fully collectible, and as a result, an allowance for bad debt is not recorded at December 31, 2020 and 2019.

(f) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statements of Financial Position. Income or loss on investments, including realized and unrealized gains and losses on investments, interest and dividends, is reported as investment earnings net of related investment expenses in the Statements of Activities and Changes in Net Assets.

In accordance with Accounting Standards Update (ASU) No. 2015-07, Fair Value Measurement (Topic 820), the Foundation does not categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(1) Summary of Significant Accounting Policies (continued)

(g) Property and Equipment

Assets acquired are stated at cost, net of accumulated depreciation. Assets donated are carried at fair market value on the date of donation, net of accumulated depreciation. Plant, property, and equipment with a unit cost of greater than \$5,000 and a useful life of greater than 1 year is capitalized and depreciated. Depreciation of buildings, furnishings, and equipment is provided over the estimated useful lives of the respective assets on the straight-line basis ranging from 3 to 10 years for vehicles and equipment to 10 to 40 years for building improvements and 30 to 40 years for buildings and associated structures.

Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

(h) Impairment of Long-Lived Assets

Impairment of long-lived assets is tested whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. The carrying value of a long-lived asset is considered impaired when the anticipated undiscounted cash flow from such asset is separately identifiable and is less than its carrying value. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Losses on long-lived assets to be disposed of are determined in a similar manner, except that fair market values are reduced for the cost to dispose.

(i) Bond Issuance Costs and Prepaid Bond Insurance

Bond issuance costs and prepaid bond insurance incurred in the relationship to the bond indebtedness have been capitalized and are amortized over the life of the bond liability which is thirty years. The Foundation presents debt issuance costs as a direct deduction from the carrying amount of the related debt liability, consistent with the presentation of debt discounts. Bond issuance costs amortization for the fiscal years 2020 and 2019 were \$27,629 and \$27,628, respectively, and amortization of prepaid bond insurance for each the fiscal years 2020 and 2019 was \$9,822 and \$9,822, respectively.

(j) Revenue Recognition

A portion of the Foundation's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. As at December 31, 2020 and 2019, the Foundation has no refundable advances and contracts.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(1) Summary of Significant Accounting Policies (continued)

(j) Revenue Recognition (continued)

Contract revenue is recognized when contractual obligations have been fulfilled and the fees are received or otherwise deemed collectible. The Foundation considers the revenues received from the Cooperative Endeavor Agreements (the Agreements) to be exchange transactions, since each party to the Agreements receives and provides something of approximately equal value.

Rental income is recognized as the rent becomes due. Rental payments received in advance are deferred until earned. All leases between the Foundation and the tenants of the property are operating leases. Tenant rent charges for the current month are generally due on the first of the month.

(k) Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets and Functional Expenses. The majority of expenses have been specifically identified with a program or supporting service. Certain costs have been allocated among the programs and supporting services benefited using appropriate methodologies such as time and effort. The Statements of Functional Expenses presents a reconciliation of expenses by natural classification to expenses by function.

(l) Income Taxes

The Foundation is exempt from income tax under Internal Revenue Code Section 501(c)(3), though it is subject to tax on income unrelated to its purpose, unless that income is otherwise excluded by the Code. The Foundation has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

(m) Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets and investments.

(n) Reclassification

Certain reclassifications from prior year information were made to conform to current year presentation.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(1) Summary of Significant Accounting Policies (continued)

(o) Accounting Change

The Foundation adopted Accounting Standard Update (ASU) No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statement of financial position as well as additional disclosures. The Foundation determined that the ASU did not have a material impact on its presentation of operating leases in which it is the lessee and has not changed its basis of presentation. Certain changes have been made related to the presentation of assets held by the Foundation as lessor.

The Foundation has elected practical expedient to not separate non-lease components from associated lease components, for office space leases. These are leases of office space which may include non-lease expenses such as utility services, janitorial services, or other related costs.

(p) Recent Accounting Pronouncements

On September 17, 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures of Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Foundation's fiscal year ending December 31, 2021. The Foundation is currently assessing the impact of this pronouncement, but anticipates no significant changes in presentation or disclosures.

(2) Asset Liquidity

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while investing available funds in accordance with the Foundation's investment policy. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its regular, recurring, and ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. The Foundation anticipates revenues to be sufficient to meet its general expenditure needs.

The Foundation does not consider most major facility maintenance or capital improvements to be general expenditures, but considers these items maintenance reserve transactions. The Foundation funds a maintenance reserve for its properties to support planned and expected required property maintenance and improvements. The maintenance reserve balances are self-imposed limits designated by the Foundation's Board of Directors.

The Foundation's Board of Directors has designated a portion of its unrestricted resources for capital improvements across the Research Park. This amount is identified as board-designated in the table on the following page.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(2) Asset Liquidity (continued)

The Foundation has other amounts that have been set aside for specific programmatic purposes and are understood as self-imposed limitations on the use of those resources to support the University.

The following schedule identifies the financial assets of the Foundation and any requirement, designation, earmark, or restriction on the use of those assets. Financial assets available for general expenditures over the next 12 months are able to be used to satisfy all existing and future obligations, liabilities, and expenditures of the Foundation.

	2020	2019
Total assets	\$ 91,467,735	\$ 93,145,385
Less: non-current and non-financial assets		
Non-current investments	254,568	2,279,043
Non-current financing lease receivable	29,885,000	31,105,000
Property and equipment	41,014,296	43,564,681
Other current assets	256,815	216,847
Other non-current assets	231,993	323,000
Total financial assets at December 31	19,825,063	15,656,814
Less: financial asset designations:		
Board designated building maintenance reserve balances	9,070,131	8,641,741
Board designated resources for capital improvements	769,290	769,290
Other programmatic designations	481,402	476,628
Financial assets available for general expenditures over the next 12 months	\$ 9,504,240	\$ 5,769,155
Total current liabilities	\$ 4,491,551	\$ 4,201,879
Less: non-financial liabilities:		
Amortized prepaid rent	505,953	505,953
Amortized bonds payable	191,452	202,157
Total financial liabilities at year end	\$ 3,794,146	\$ 3,493,769
Financial assets available for general expenditures over the next 12 months	\$ 9,504,240	\$ 5,769,155
Less: financial liabilities at year end	3,794,146	3,493,769
Net financial assets available for general expenditures over the next 12 months	\$ 5,710,094	\$ 2,275,386

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(3) Investments

Investments consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Federated treasury obligations	\$ 6	\$ 1,718
Certificates of deposit	1,766,172	2,764,790
Corporate bonds	255,403	1,018,765
Mutual funds	2,953,392	2,835,741
Mutual funds at NAV	<u>7,911,262</u>	<u>7,357,108</u>
Total	<u>\$ 12,886,235</u>	<u>\$13,978,122</u>

(4) Receivables

Receivables consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ -	\$ 445,178
Grants receivable	136,883	152,448
Due from affiliates	625,359	663,221
Tenants receivables	280,835	284,459
Insurance proceeds receivable	<u>2,027</u>	<u>20,623</u>
Total	<u>\$ 1,045,104</u>	<u>\$ 1,565,929</u>

Due from affiliates represents amounts due from the University.

There is no allowance recorded on the receivables above as of December 31, 2020 and 2019.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(5) Property and Equipment

Property and equipment consist of the following at December 31:

	2020	2019
<u>Subject to Operating Leases</u>		
Land improvements	\$ 258,573	\$ 258,573
Building - Avondale	12,754,737	12,754,737
ITC buildings and parking garage	62,321,065	62,321,065
Building - ATC	9,186,680	9,186,680
Building - Shea Penland CERF	894,842	894,842
St. Claude Gallery	145,500	145,500
 <u>Not Subject to Operating Leases</u>		
Office furniture and equipment	57,543	57,543
Artwork	7,000	7,000
Total fixed assets	85,625,940	85,625,940
Accumulated depreciation	(44,611,644)	(42,061,259)
Net fixed assets	\$ 41,014,296	\$ 43,564,681

The Foundation enters into leases of commercial real estate office space to third parties for specific space for a specific period of time. The office buildings are maintained by the Foundation in a condition to remain marketable to current and future tenants.

Each lease agreement dictates the amount and frequency of payments along with any options to extend and point of termination. Based on lease agreements currently in place without considering any options to extend or rent escalations, future rents to be received from lease agreements are as follows:

Future rent from all lease agreements is as follows:	
2021	\$ 5,247,371
2022	3,397,037
2023	3,193,354
2024	1,434,640
2025	196,948
2026-2030	500,000
2031-2035	500,000
2036-2040	500,000
2041-2045	500,000
2046-2047	137,500
	\$ 15,606,850

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(6) Lease Agreements and Cooperative Endeavor Agreements

University of New Orleans/Avondale Maritime Technology Center of Excellence

Obligations

Avondale, a subsidiary of Huntington-Ingalls, (Avondale) donated certain property to the University which is leased to the Foundation pursuant to the terms of a Ground Lease. A ship design facility (Facility), including a laboratory and support area for the UNO School of Naval Architecture and Marine Engineering, has been built on such property by the Foundation and is sub-leased to Avondale.

Also, the Foundation has equipped the Facility and leased such equipment to Avondale. Avondale agreed that it will utilize the Facility for the design and construction of vessels pursuant to the Navy LPD-17 Contract and other contracts. Furthermore, Avondale agrees that it will provide support to the University of New Orleans School of Naval Architecture and Marine Engineering by providing to the University a Right of Use of space constituting 21,000 square feet in the Facility subleased by Avondale from the Foundation.

On May 16, 1997, the Foundation and Avondale entered into a sub-lease agreement, for a term of 50 years which expires in 2047, which provides for Avondale to lease from the Foundation the land located in Jefferson Parish together with the facilities to be constructed on the land, the facility equipment and the right of uninterrupted access to and from all streets and roads adjoining the land.

This property is subject to the ground lease discussed in Note 10.

National Center for Advanced Manufacturing/MAF Research Administration Building

General

On December 18, 2007, the State, the Foundation, and NASA entered into a Cooperative Endeavor Agreement (the CEA) for a period of thirty (30) years.

The CEA provides for the use of State funds to pay approximately \$40 million of project costs associated with the planning, design, construction and equipping of a new NASA Research Administration Building (the Building) to be built at MAF. The Building will be used collaboratively by the Foundation and NASA for research and development administration, production work on the Orion Project, education, training and related matters for NASA, its contractors, the University, other Federal and State agencies, other higher educational institutions and private industry.

Obligations

As of December 31, 2020, the activities related to this project are placed on hold by the State of Louisiana.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(7) Fair Value of Financial Instruments

The FASB authoritative guidance for fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under the guidance are described below:

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;
- 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.

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

Federated treasury obligations: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded or at the net asset value ("NAV") of shares held at year end as applicable.

Certificates of deposit: The fair value of certificates of deposits and term deposits is estimated using third-party quotations.

Corporate bonds: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with 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.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(7) Fair Value of Financial Instruments (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2020. There have been no changes in the methodologies used at December 31, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federated treasury obligations	\$ 6	\$ -	\$ -	\$ 6
Certificates of deposit	-	1,766,172	-	1,766,172
Corporate bonds	-	255,403	-	255,403
Mutual funds	2,953,392	-	-	2,953,392
Subtotal	<u>\$ 2,953,398</u>	<u>\$ 2,021,575</u>	-	<u>4,974,973</u>
High quality bond mutual fund at NAV				3,949,660
Multi strategy bond mutual fund at NAV				<u>3,961,602</u>
Total investments at fair value				<u>\$12,886,235</u>

The Foundation's investment in the high quality bond fund and the multi strategy bond fund, as of December 31, 2020, represents 1.10% and 1.59%, respectively, of all ownership interests in the fund. The high quality bond fund invests primarily in U.S. dollar-denominated investment grade bonds and other fixed income securities. The high quality bond fund may also invest up to 20% of its assets in securities rated below investment grade and certain derivatives, and may use currency hedging. The multi strategy bond funds invest directly or indirectly in U.S. dollar-denominated investment grade bonds and other fixed income securities. The high quality bond fund may also invest in global bonds, inflation indexed bonds, high yield bonds, emerging markets debt, and opportunistic fixed income strategies. The multi strategy bond fund also has investments in certain funds affiliated with the investment manager. Fair values of the investments in these classes have been estimated using the net asset value per share of the investments.

The following table summarizes investments measured at fair value based on net asset value (NAV) per share as of December 31, 2020.

<u>Instrument</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
High quality bond mutual fund	\$3,949,660	Not applicable	Weekly	5 business days prior
Multi strategy bond mutual fund	\$3,961,602	Not applicable	Monthly	5 business days prior to month end

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(7) Fair Value of Financial Instruments (continued)

The following table summarizes investments measured at fair value based on net asset value (NAV) per Share as of December 31, 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federated treasury obligations	\$ 1,718	\$ -	\$ -	\$ 1,718
Certificates of deposit	-	2,764,790	-	2,764,790
Corporate Bonds	-	1,018,765	-	1,018,765
Mutual funds	2,835,741	-	-	2,835,741
Subtotal	<u>\$ 2,837,459</u>	<u>\$ 3,783,555</u>	-	<u>6,621,014</u>
High quality bond mutual fund at NAV				3,665,506
Multi strategy bond mutual fund at NAV				<u>3,691,602</u>
Total investments at fair value				<u>\$ 13,978,122</u>

The Foundation's investment in the high quality bond fund and the multi strategy bond fund, as of December 31, 2019, represents 1.02% and 1.58%, respectively, of all ownership interests in the fund. The high quality bond fund invests primarily in U.S. dollar-denominated investment grade bonds and other fixed income securities. The high quality bond fund may also invest up to 20% of its assets in securities rated below investment grade and certain derivatives, and may use currency hedging. The multi strategy bond funds invest directly or indirectly in U.S. dollar-denominated investment grade bonds and other fixed income securities. The high quality bond fund may also invest in global bonds, inflation indexed bonds, high yield bonds, emerging markets debt, and opportunistic fixed income strategies. The multi strategy bond fund also has investments in certain funds affiliated with the investment manager. Fair values of the investments in these classes have been estimated using the net asset value per share of the investments.

The following table summarizes investments measured at fair value based on net asset value (NAV) per share as of December 31, 2019.

<u>Instrument</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
High quality bond mutual fund	\$3,665,506	Not applicable	Weekly	5 business days prior
Multi strategy bond mutual fund	\$3,691,602	Not applicable	Monthly	5 business days prior to month end

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(8) Notes Payable

Louisiana Public Facilities Authority Note Payable

On October 19, 1999, the Foundation entered into a Construction Loan Agreement in the amount of \$1,500,000 with the Louisiana Public Facilities Authority. The loan bears no interest. The first annual payment was due October 1, 2001 and continued through October 1, 2014.

In March 2014, the Foundation and LPFA entered into a third amendment. The third amendment requires the Foundation to make quarterly payments commencing December 2014 in the amount of \$34,700 through September 2024, the maturity date of this note. An annual payment will be due March 15th each year, commencing on March 15th 2016, in an amount equal to 87.35% of cash flow of the ATC building for the immediately preceding fiscal year minus the amount of quarterly payments paid on the note during the preceding fiscal year.

This note has debt covenants which are required to be met by the Foundation, including submission of audited financial statements within 180 days of year end. As of December 31, 2020, management is not aware of any violations of their debt covenants.

The note is secured by a collateral note signed by the Foundation in the amount of \$2,000,000. This note is subordinate to the bank loan and is secured by a security interest in all of the Foundation's accounts receivable, inventory, and fixtures as well as an assignment of leases and rents, and the ATC building, which is included in property and equipment in the Statements of Financial Position.

Local Bank Note Payable

On April 19, 2001, the Foundation entered into a Loan Agreement with a local bank. The balance of the loan at December 31, 2020 is \$2,158,177. The loan was amended in 2011 with an interest rate of 6.5% to mature on April 12, 2016, and again amended in 2016 with an interest rate of 4.5% to mature on April 12, 2021, and again amended in 2020 with an interest rate of 4.1% to mature on October 19, 2026. Monthly payments of principal and interest total \$34,774.

This note has debt covenants which are required to be met by the Foundation, including submission of audited financial statements by May 31st following each year end, a debt service coverage ratio of 1.25 to 1, the outstanding principal not to exceed 75% of the fair market value, as appraised of the related property, as well as other negative covenants. As of December 31, 2020, management is not aware of any violations of their debt covenants.

The note is collateralized by a collateral note signed by the Foundation in the amount of \$12 million, which is secured by a first lien and security interest in all of the Foundation's accounts receivable, inventory, and fixtures as well as an assignment of leases and rents, and the ATC building, which is included in property and equipment in the Statements of Financial Position.

Small Business Administration Note Payable

In April 2020, the Foundation received a loan through the Paycheck Protection Program (PPP) of the Small Business Administration (SBA) in the amount of \$266,913. Created in response to the COVID-19 pandemic, PPP loans may be forgiven if spent according to certain guidelines. Forgiveness of this loan was requested and received from the SBA in 2021.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(8) Notes Payable (continued)

Future Payments

The following is a summary of all notes payable at December 31:

	2020	2019
Louisiana Public Facilities Authority	\$ 518,680	\$ 657,479
Local bank	2,158,177	2,501,681
PPP Loan-SBA	266,913	-
Total notes payable	2,943,770	3,159,160
Less: current portion	(739,609)	(487,210)
Total non-current notes payable	\$ 2,204,161	\$ 2,671,950

The notes are required to be repaid as follows as of December 31, 2020:

2021	\$ 739,609
2022	486,844
2023	501,591
2024	480,326
2025	394,182
2026	341,218
	\$ 2,943,770

(9) Bonds Payable

On August 8, 2006, the Louisiana Public Facilities Authority issued \$38,500,000 of Louisiana Public Facilities Authority Revenue Bonds (Series 2006) to the public on behalf of the Foundation. The proceeds of the bonds were used for the financing, planning, design, construction, furnishing and equipping of resident facilities for use by the University, including all equipment, furnishings, fixtures and facilities incidental or necessary in connection therewith. The proceeds were also used to pay the costs associated with the issuance of the bonds.

On August 28, 2014, the Louisiana Public Facilities Authority (the Authority) issued \$36,000,000 of its Revenue Refunding Bonds Series 2014 (Series 2014) on behalf of the Foundation to advance refund and defease the Authority's outstanding Series 2006.

Series 2014 were issued at a premium, which totaled \$2,974,068 on the date of issuance of the Series 2014 Bonds. The premium is being amortized over the life of the Series 2014. The total amount of premium relating to the Series 2014 amortized during year ended December 31, 2020 and December 31, 2019, respectively, was \$239,608 and \$245,654.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(9) Bonds Payable (continued)

The interest rates on the Series 2014 range from 3% to 5% per annum with the first interest payment due on March 1, 2015. The first principal payment was due September 1, 2016 with the final principal payment due in 2035.

The Series 2014 issue has debt covenants which are required to be met by the Foundation. Additionally, the bond issue is collateralized by the resident facilities which are recorded as a financing lease receivable from the University (see Note 14). As of December 31, 2020 management is not aware of any violations of their debt covenants.

Bonds payable consists of the following as of December 31:

	2020	2019
Bonds payable	\$ 31,105,000	\$ 32,240,000
Bond premium	1,323,444	1,563,052
Less: prepaid bond insurance	(144,059)	(153,881)
Less: cost of bond issuance	(405,217)	(432,846)
Bonds payable, net	31,879,168	33,216,325
Less: current portion	(1,411,452)	(1,337,157)
Total non-current bonds payable	<u>\$ 30,467,716</u>	<u>\$ 31,879,168</u>

The outstanding Series 2014 bonds are required to be repaid as follows for the next five years and five year periods thereafter.

2021	\$ 1,220,000
2022	1,330,000
2023	1,445,000
2024	1,565,000
2025	1,695,000
2026-2030	10,415,000
2031-2035	13,435,000
Total bonds payable	<u>\$ 31,105,000</u>

(10) Ground Leases

University of New Orleans Ground Lease 1

On May 16, 1997, the University of New Orleans (the University) entered into a non-transferable ground lease agreement with the Foundation. The terms of the lease agreement provide that the University will lease a tract of approximately 4.57 acres of land that is located in Jefferson Parish to the Foundation that will in turn develop construct, maintain, operate, manage, and lease improvements on such land for the purpose set forth in the Cooperative Endeavor Agreement. The lease agreement is for a term of fifty years.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(10) Ground Leases (continued)

At the expiration of the lease, the facilities and all furniture, fixtures, equipment, and furnishings permanently affixed to the facilities shall become the property of the University which is recorded in property and equipment in the Statements of Financial Position, with a remaining net book value of \$5,419,169 and \$5,747,199 as of December 31, 2020 and 2019, respectively.

University of New Orleans Ground Lease 2

On December 1, 1997, the University entered into a non-transferable ground lease agreement with the Foundation which was amended on October 1, 1999. The terms of the lease agreement and related amendment provide that the University will lease a tract of approximately 30 acres of certain lakefront property that is located in Orleans Parish to the Foundation which will develop, construct, maintain, operate, manage, and/or lease improvements on such land. The lease agreement is for a term of ninety-nine years.

At the expiration of the lease, the facilities and all furniture, fixtures, equipment, and furnishings permanently affixed to the facilities shall become the property of the University. The facilities and related fixtures, equipment, and furnishings are recorded in property and equipment in the Statements of Financial Position, with a remaining net book value of \$34,900,080 and \$37,087,001 as of December 31, 2020 and 2019, respectively.

Coastal Education and Research Facility Ground Lease

On December 22, 2009, the Foundation was assigned leases for four boat slips and received a donation for related leasehold improvements (the Property). \$215,000 was provided by the Foundation towards improvements to the Property. The Foundation entered into an agreement with the University making the Property available to the University for use as the University of New Orleans Shea Penland Coastal Education and Research Facility (CERF) to support the University's mission to establish a wetlands research and education field station.

The CERF building is recorded in property and equipment in the Statements of Financial Position, with a remaining net book value of \$563,081 and \$593,518 as of December 31, 2020 and 2019, respectively.

(11) Other Lease Agreements

On January 15, 1998, the Foundation entered into a sub-lease agreement with the United States of America (the Government) to lease space at the Information Technology Center from the Foundation comprising of approximately 300,000 square feet of administrative space, 1,050 hard surface parking spaces, and 11.82 acres of land located at the University of New Orleans Research and Technology Park. As of October 2013, the Government leases two buildings of administrative space totaling approximately 200,000 square feet and 700 hard surface parking spaces.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(11) Other Lease Agreements (continued)

The terms of the facility lease agreement provide that the Government will have and hold the noted facility for the term beginning on the date of completion of the facility for an initial ten year term with fifteen individual one year renewal terms. The lease is renewed annually per the agreement.

On August 8, 2014, the Foundation entered into a lease agreement with a private tenant to lease the entire Information Technology Center No. 4 building from the Foundation comprising of approximately 104,000 rentable square feet, located at the University of New Orleans Research and Technology Park. The commencement date of the lease was January 1, 2015 with an initial term of ten years with the option to extend the lease for three additional five-year terms.

(12) Due To/From Affiliates/Related Party Transactions

University of New Orleans Foundation

The Foundation received \$455,000 and \$478,330 for contracted administrative support to the University of New Orleans Foundation (UNOF) during 2020 and 2019 respectively.

The University received \$21,929 in subsidies from the Foundation which was passed through the UNOF during 2020. At December 31, 2020, funds due from the UNOF totaled \$0, and funds due to the UNOF totaled \$40.

The University received \$20,554 in subsidies from the Foundation which was passed through the UNOF during 2019. The Foundation made other donations to the UNOF during 2019 of \$46,431. At December 31, 2019, funds due from the UNOF totaled \$0, and funds due to the UNOF totaled \$162.

University of New Orleans

The Foundation enters into certain contracts, and makes the related contract payments, on behalf of the University. The University reimburses the Foundation for such contract payments made on its behalf. The University also makes payments to the Foundation for property management of the Center for Energy Resources Management building.

During the years ended December 31, 2020 and December 31, 2019, the Foundation incurred \$2,076,425 and \$3,052,872 respectively related to the aforementioned contract payments and property management services included on the Statement of Activities and Changes in Net Assets as detailed on the following page.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(12) Due To/From Affiliates/Related Party Transactions (continued)

	2020	2019
Property Operations	\$ 301,499	\$ 380,757
International Programs	-	558,770
Student Housing	1,256,838	1,278,547
Technology Transfer	30,064	338,297
Donations to University	43,789	-
Other payments on behalf of University	444,235	496,501
	\$ 2,076,425	\$ 3,052,872

Additionally, during the years ended December 31, 2020 and 2019, the Foundation incurred \$1,135,000 and \$1,055,000, respectively, in principle payments on the Series 2014 bonds.

As of December 31, 2020 and 2019, the Foundation recorded reimbursements and accrued revenue related to these contracts, services, and principle payments from the University of \$2,869,230 and \$3,482,628 respectively. Amounts still owed to the Foundation as of December 31, 2020 and December 31, 2019 total \$625,359 and \$663,221 respectively. Payables to the University as of December 31, 2020 and December 31, 2019 are \$145,604 and \$259,242 respectively, as recorded in the Statements of Financial Position.

The Foundation paid to the University \$108,968 and \$116,838 during the years ended December 31, 2020 and December 31, 2019 related to the Memorandum of Understanding related to National Center for Advanced Manufacturing. The Foundation holds a remaining \$104,611 and \$213,579 as of December 31, 2020 and December 31, 2019, respectively, which is included in the Statements of Financial Position as amounts held in custody for affiliates.

(13) National Collegiate Athletic Association

The Foundation has an affiliation agreement with the University which requires the presentation of a supplemental schedule illustrating revenue, support, expenses, and capitalized expenditures made to or on behalf of the University's Intercollegiate Athletics Program for the National Collegiate Athletic Association. During the years ended December 31, 2020 and 2019, the Foundation incurred no such amounts.

(14) Financing Lease Receivable

The Foundation entered into a ground lease dated August 8, 2006, and amended in August 2014 with the University for the purpose of financing, planning, constructing, and equipping a student residence facility. Pursuant to a facility lease, the Foundation leased the completed facility to the University. Rent payments from the University are sufficient to pay debt services on the Series 2014 Bonds, which is collateralized by the student residence facilities.

The lease was determined to meet the requirements of a financing lease and as such, the asset was then transferred from construction in progress to a financing lease receivable.

**UNIVERSITY OF NEW ORLEANS
RESEARCH AND TECHNOLOGY FOUNDATION, INC.**

Notes to Financial Statements

December 31, 2020 and 2019

(14) Financing Lease Receivable (continued)

The total financing lease receivable is required to be repaid as follows for the next five years and five-year periods thereafter.

2021	\$ 1,220,000
2022	1,330,000
2023	1,445,000
2024	1,565,000
2025	1,695,000
2026-2030	10,415,000
2031-2035	<u>13,435,000</u>
	<u>\$ 31,105,000</u>

(15) Concentrations of Risk and Contingencies

The Foundation has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Foundation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

The Foundation is involved in certain claims and legal actions arising in the normal course of activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Foundation's financial position.

(16) Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 28, 2021 and determined the following subsequent event requires disclosure. In January 2021 the SBA forgave the Foundation's PPP loan in the amount of \$266,913 which was recorded as a gain. No other subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with Government Auditing Standards

The Board of Directors
University of New Orleans
Research and Technology Foundation, Inc.

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 financial statements of University of New Orleans Research and Technology Foundation, Inc., (a nonprofit organization) (the Foundation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 28, 2021.

Internal Control Over Financial Reporting

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

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

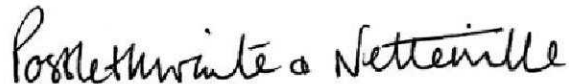
Our consideration of internal control was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Metairie, Louisiana
May 28, 2021