

THE LSU IN SHREVEPORT FOUNDATION, INC.

SHREVEPORT, LOUISIANA

JUNE 30, 2020 AND 2019

THE LSU IN SHREVEPORT FOUNDATION, INC.

SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4-5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows	8
Notes to the Financial Statements	9-20

SUPPLEMENTARY INFORMATION

Consolidating Statements of Financial Position	21
Consolidating Statements of Activities	22

AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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January 14, 2021

Board of Directors
The LSU in Shreveport Foundation, Inc.
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying consolidated financial statements of The LSU in Shreveport Foundation, Inc., which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years ended June 30, 2020 and 2019, 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of The LSU in Shreveport Foundation, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Report on Consolidating Information

Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information included on pages 21 through 22 is presented for purposes of additional analysis of the consolidated financial statements and is not a required part of the consolidated financial statements. Such consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, this information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

THE LSU IN SHREVEPORT FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	213,503	-
Investments	24,839,331	26,336,916
Contributions receivable	-	2,000
Other receivable	7,869	35,907
Property and equipment, net	143,104	-
Beneficial interest in supporting organization	1,165,059	-
Collection (see Note 2)	-	-
	<hr/>	<hr/>
Total assets	<u>26,368,866</u>	<u>26,374,823</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Bank overdraft	-	14,433
Accounts payable	63,587	218,486
Due to LSU in Shreveport	<u>7,230,604</u>	<u>7,522,101</u>
Total liabilities	7,294,191	7,755,020
 <u>Net assets:</u>		
Without donor restrictions:		
Designated by board for endowment	179,609	182,976
Undesignated	181,184	286,546
Investment in capital assets	<u>143,104</u>	<u>-</u>
Total without donor restrictions	503,897	469,522
 With donor restrictions:		
Restricted for specified purposes	7,795,296	7,477,391
Restricted in perpetuity-endowment	<u>10,775,482</u>	<u>10,672,890</u>
Total with donor restrictions	<u>18,570,778</u>	<u>18,150,281</u>
 Total net assets	 <u>19,074,675</u>	 <u>18,619,803</u>
 Total liabilities and net assets	 <u>26,368,866</u>	 <u>26,374,823</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support, revenues, and gains:</u>			
Contributions	72,174	593,740	665,914
Contributions in-kind	145,000	1,215,121	1,360,121
Net investment income (loss)	29,862	(35,472)	(5,610)
Endowment management fees	278,854	(188,494)	90,360
Other	46,959	622	47,581
Change in interest in supporting organization	-	(50,062)	(50,062)
Total support, revenues, and gains	<u>572,849</u>	<u>1,535,455</u>	<u>2,108,304</u>
<u>Net assets released from restrictions</u>	1,118,358	(1,118,358)	-
<u>Transfers between classifications</u>	<u>(3,400)</u>	<u>3,400</u>	<u>-</u>
Total support, revenues, gains, and reclassifications	1,687,807	420,497	2,108,304
<u>Expenses:</u>			
Program services	1,223,848	-	1,223,848
Management and general	369,230	-	369,230
Fundraising and development	60,354	-	60,354
Total expenses	<u>1,653,432</u>	<u>-</u>	<u>1,653,432</u>
<u>Change in net assets</u>	34,375	420,497	454,872
<u>Net assets at beginning of year</u>	<u>469,522</u>	<u>18,150,281</u>	<u>18,619,803</u>
<u>Net assets at end of year</u>	<u>503,897</u>	<u>18,570,778</u>	<u>19,074,675</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support, revenues, and gains:</u>			
Contributions	62,200	746,257	808,457
Net investment income	60,615	428,816	489,431
Endowment management fees	<u>270,826</u>	<u>(182,564)</u>	<u>88,262</u>
Total support, revenues, and gains	393,641	992,509	1,386,150
<u>Net assets released from restrictions</u>	980,898	(980,898)	-
<u>Transfers between classifications</u>	<u>1,500</u>	<u>(1,500)</u>	<u>-</u>
Total support, revenues, gains, and reclassifications	1,376,039	10,111	1,386,150
<u>Expenses:</u>			
Program services	1,074,594	-	1,074,594
Management and general	365,026	-	365,026
Fundraising and development	<u>41,524</u>	<u>-</u>	<u>41,524</u>
Total expenses	<u>1,481,144</u>	<u>-</u>	<u>1,481,144</u>
<u>Change in net assets</u>	(105,105)	10,111	(94,994)
<u>Net assets at beginning of year</u>	<u>574,627</u>	<u>18,140,170</u>	<u>18,714,797</u>
<u>Net assets at end of year</u>	<u>469,522</u>	<u>18,150,281</u>	<u>18,619,803</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services										Total	
	Instruction	Research	Public Support	Academic Support	Athletics	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Management and General		Fundraising and Development
Salaries and related benefits	235,311	2,966	-	40,356	-	-	-	-	-	208,244	-	486,877
Travel	31,794	2,452	591	26,768	1,096	466	512	-	-	33,882	8,139	105,700
Operational services	18,889	307	516	23,690	15,453	-	3,799	-	-	38,229	13,203	114,086
Supplies	18,677	743	127	29,527	3,903	131	673	-	-	3,973	1,752	59,506
Memberships	3,737	-	2,435	7,021	-	80	2,795	-	-	1,095	310	17,473
Professional services	3,060	-	1,054	12,156	330	-	3,625	1,873	-	52,199	2,945	77,242
Meals and entertainment	1,084	-	2,835	10,421	4,827	67	18,096	-	-	4,831	14,783	56,944
Other charges	41,356	(1,813)	3,365	80,471	20,144	5,468	23,334	-	(2,550)	25,237	19,222	214,234
Scholarships	600	-	-	-	2,600	-	-	-	203,757	-	-	206,957
Equipment and major repairs	256,906	-	-	46,864	7,207	-	-	-	-	1,540	-	312,517
Depreciation	-	-	-	1,896	-	-	-	-	-	-	-	1,896
	<u>611,414</u>	<u>4,655</u>	<u>10,923</u>	<u>279,170</u>	<u>55,560</u>	<u>6,212</u>	<u>52,834</u>	<u>1,873</u>	<u>201,207</u>	<u>369,230</u>	<u>60,354</u>	<u>1,653,432</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Services											
	Instruction	Research	Public Support	Academic Support	Athletics	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Management and General	Fundraising and Development	Total
Salaries and related benefits	128,241	-	-	11,005	-	-	-	-	-	162,054	-	301,300
Travel	54,632	1,326	-	78,900	1,952	17,060	2,619	-	-	21,837	8,510	186,836
Operational services	9,680	-	525	2,261	4,135	-	35,245	-	219	26,590	839	79,494
Supplies	11,371	-	-	12,671	250	(72)	-	-	-	1,917	-	26,137
Memberships	2,512	-	1,200	1,279	-	80	4,120	-	-	1,666	-	10,857
Professional services	4,170	-	9,777	15,561	5,675	-	3,383	1,835	-	48,359	2,082	90,842
Meals and entertainment	5,144	-	2,960	12,828	8,898	161	28,925	-	-	45,954	17,889	122,759
Other charges	221,390	12,754	2,913	58,664	41,762	1,210	14,634	320	11,919	56,649	12,204	434,419
Scholarships	-	-	-	-	-	-	-	-	178,479	-	-	178,479
Equipment and major repairs	8,806	110	-	24,605	16,500	-	-	-	-	-	-	50,021
	<u>445,946</u>	<u>14,190</u>	<u>17,375</u>	<u>217,774</u>	<u>79,172</u>	<u>18,439</u>	<u>88,926</u>	<u>2,155</u>	<u>190,617</u>	<u>365,026</u>	<u>41,524</u>	<u>1,481,144</u>

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
<u>Cash flows from operating activities:</u>		
Change in net assets	454,872	(94,994)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	1,896	-
Realized (gains) from investments, net	(255,686)	(251,047)
Decrease in fair value of investments	853,383	107,161
Contributions restricted for long-term investment	(120,631)	(52,324)
Contributions in-kind	(1,360,121)	-
Decrease in interest in supporting organization	50,062	-
Net change in:		
Contributions receivable	2,000	120,535
Other receivable	28,038	(21,907)
Bank overdraft	(14,433)	(46,214)
Accounts payable	(154,899)	201,740
Due to LSU in Shreveport	(291,497)	(126,993)
Total adjustments	(1,261,888)	(69,049)
Net cash (used in) operating activities	(807,016)	(164,043)
<u>Cash flows from investing activities:</u>		
Purchase of investments	(2,898,459)	(836,513)
Proceeds from sales and maturities of investments	3,798,347	948,232
Net cash provided by investing activities	899,888	111,719
<u>Cash flows from financing activities:</u>		
Contributions restricted for long-term investment	120,631	52,324
Net cash provided by financing activities	120,631	52,324
<u>Net increase in cash and cash equivalents</u>	213,503	-
<u>Cash and cash equivalents - beginning of year</u>	-	-
<u>Cash and cash equivalents - end of year</u>	213,503	-

The accompanying notes are an integral part of the financial statements.

THE LSU IN SHREVEPORT FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. Nature of Business

The LSU in Shreveport Foundation, Inc. (“Foundation”) is a private, nonprofit corporation governed by a board of directors. The organization’s goal is to promote the education and cultural welfare of Louisiana State University in Shreveport (“University”). The Foundation’s activities include management of gifts, grants and endowments for the purpose of providing scholarships, research activities and any other such benefit for the University and its faculty and students as may be prescribed by donors to the Foundation.

LSUS Realty, LLC was formed on December 15, 2000. The purpose of LSUS Realty, LLC is to accept property donated to the Foundation. The Foundation is the sole member of LSUS Realty, LLC and, therefore, the activity of LSUS Realty, LLC has been consolidated with that of the Foundation. All of the assets and net assets of LSUS Realty, LLC were moved to the unrestricted net assets of the Foundation during the year ended June 30, 2002. During the year ended June 30, 2020, LSUS Realty, LLC received an in-kind contribution of the assets of the Spring Street Museum, comprising property, a collection, and beneficial interest in a supporting organization (see Note 12). There was no activity recorded by LSUS Realty, LLC during the year ended June 30, 2019.

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements of the Foundation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP), under which revenues are recorded when earned, and expenses are recorded when the liability is incurred.

Financial Statement Presentation

The Foundation is required to report information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

- ***Net assets without donor restrictions.*** Net assets that are not subject to donor-imposed stipulations. Some net assets without donor restrictions may be designated by the Board for specific purposes.
- ***Net assets with donor restrictions.*** Net assets subject to donor or grantor restrictions that may or will be met by actions of the Foundation and/or the passage of time.

Contributions received are recorded net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions.

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as contributions of net assets with donor restrictions, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions.

2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Income Taxes

The LSU in Shreveport Foundation, Inc. and its subsidiary qualify as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements, but the Foundation is required to file an annual information tax return. The Foundation is also required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it is a tax exempt entity. The Foundation must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, the Foundation must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Foundation does not expect its positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's accounting records.

The Foundation files U. S. federal Form 990 for informational purposes. The Foundation's federal income tax returns for the past three tax years remain subject to examination by the Internal Revenue Service.

Investments

Investments are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange, and investments that do not have an established market are reported at estimated fair value. Cash deposits are recorded at carrying amount which reasonably estimates fair value. Fixed income securities are generally valued by reference to outside pricing services, generally using a matrix system incorporating security quality, maturity, and coupon as the valuation model parameters, research, and a review of broker-dealer market price quotations. Short-term investments are valued at amortized cost which approximates market value.

The asset allocation of the Foundation's investment portfolio involves exposure to a diverse set of markets. The investments within these markets involve various risks, such as interest rate, market, credit, and liquidity risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate substantially as a result of these risks.

Property and Equipment

Depreciation is provided on the straight-line method based on the estimated useful lives of the depreciable assets, which is estimated at thirty-nine years. The Foundation capitalizes expenditures in excess of \$2,500 for fixed assets at cost.

Revenue Recognition

Contributions are recognized when cash, securities or other asset, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the condition on which they depend have been substantially met.

2. Summary of Significant Accounting Policies (Continued)

Collection

The collection, which was acquired through the in-kind contribution of the Spring Street Museum (see Note 12), is not recognized as an asset on the statement of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired, or as decreases in net assets with donor restrictions if the assets used to purchase the items were restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

In-Kind Contributions

Material in-kind contributions received by the Foundation are recorded at fair value as contributions revenue along with a corresponding charge to asset or expense in accordance with the Foundation's accounting policies. Material in-kind contributions were \$1,360,121 for the year ended June 30, 2020 (see Note 12). There were no in-kind contributions received during the year ended June 30, 2019.

Payroll Protection Program

The Foundation was granted a \$45,840 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized \$45,840 as grant revenue for the year ended June 30, 2020, which is included in other revenues on the consolidated statement of activities. There is no remaining loan balance on the Foundation's statement of financial position as of June 30, 2020.

Functional Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Certain categories of expenses can be directly classified as incurred while others require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, operational services, professional services, and meals and entertainment, which are allocated on the basis of estimates of time and effort or other reasonable bases.

Liquidity

The Foundation has \$1,300,774 and \$2,153,229 of financial assets not subject to donor restrictions that are available within one year of the balance sheet date as of June 30, 2020 and 2019, respectively, consisting of the following:

	2020	2019
Cash and cash equivalents	213,503	-
Investments	1,079,875	2,120,021
Accounts receivable	7,396	33,208
	<u>1,300,774</u>	<u>2,153,229</u>

Management has a goal to maintain cash and short term investments on hand to meet six months of normal operating expenses.

2. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended by subsequent ASUs (collectively, ASC 606), which amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. The Foundation adopted ASU 2014-09 effective July 1, 2019, using the modified retrospective transition method. The adoption of ASU 2014-09 did not materially impact the timing and measurement of revenue recognition. As a result, the Foundation did not recognize a cumulative effect adjustment to the opening balance of net assets.

3. Investments

Major classifications of investments at June 30, 2020 and 2019, follow:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Money market accounts	547,236	547,236	718,490	718,490
Certificates of deposit	1,039,323	1,026,568	1,677,619	1,681,192
Bond funds	8,074,454	7,940,592	8,419,661	8,387,582
Equity funds - domestic	9,961,878	9,757,244	10,503,655	9,724,818
Equity funds - international	4,640,040	5,219,800	4,392,702	4,670,510
Real estate funds	574,522	628,550	621,314	581,600
Corporate stock	1,878	3,606	3,475	3,606
	<u>24,839,331</u>	<u>25,123,596</u>	<u>26,336,916</u>	<u>25,767,798</u>

Net realized and unrealized losses during the year ended June 30, 2020, were \$853,383, which included \$568,960 as a net loss to the Foundation and \$284,423 shown as a decrease in funds due to LSU in Shreveport. Net realized and unrealized losses during the year ended June 30, 2019, were \$174,009, which included \$107,161 as a net loss to the Foundation and \$66,848 shown as a decrease in funds due to LSU in Shreveport.

Investments as of June 30, 2020 and 2019, included \$1,039,323 and \$1,677,619, respectively, of certificates of deposit in denominations of \$250,000 or less, which were federally insured by the FDIC. The remaining investments, totaling \$23,800,008 and \$24,659,297 at June 30, 2020 and 2019, respectively, were uninsured and were not collateralized. Cash and cash equivalents are federally insured by the FDIC up to \$250,000. As of June 30, 2020 and 2019, Regions Bank has pledged securities as collateral for the balance exceeding \$250,000.

4. Property and Equipment

Included in property and equipment at June 30, 2020, are the following:

Land	46,400
Building and improvements	<u>98,600</u>
	145,000
Accumulated depreciation	<u>(1,896)</u>
Property and equipment, net	<u>143,104</u>

The Foundation had no property and equipment at June 30, 2019. See Note 12.

5. Due to LSU in Shreveport

The amount due to LSU in Shreveport represents the State of Louisiana matched funds which are being held and invested for the University by The LSU in Shreveport Foundation for the following endowed chairs, professorships, and scholarships as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
<u>Instruction:</u>		
Jerry D. Boughton Professorship in Business	53,143	56,294
Joe and Abby Averett Professorship in Business	55,085	56,268
BellSouth Professorship in Business	56,649	60,083
Alta and John Franks MBA Program Professorship	46,952	49,684
M. R. Ballard Professorship in Accounting	72,657	73,831
Armand and Lynn Roos Professorship in Business and Health Administration	46,483	49,164
James C. and Ann W. Gardner Professorship in Civic Engagement and Leadership	57,050	60,569
Kilpatrick Life Insurance Professorship	781,789	820,326
Oscar Cloyd Real Estate Professorship	254,778	269,714
Wesson-Bridger Professorship in Teacher Education	60,937	64,816
Capital One Education and Human Development Professorship	47,303	49,964
V. Stewart Education Student Teaching Professorship	62,624	63,646
Dalton J. Woods Professorship in Teaching	56,009	56,949
Kelly Kemp Graves Professorship in Early Childhood Education	49,463	52,598
Riemer and Marcia Calhoun Professorship in Education	50,610	53,009
Goodloe Stuck Professorship in Psychology	46,384	49,189
Elmer N. Simon, Jr. Professorship for Excellence in Teaching	54,538	57,969
Blue Cross & Blue Shield of Louisiana Professorship	47,633	50,279
Vincent J. Marsala Alumni Professorship	60,428	64,129
Bruce and Steve Simon Professorship	54,224	56,742
William C. Woolf Rising Star Professorship	46,842	-
Wheless Rising Star Professorship	46,863	-
James K. Elrod Professorship in Health Care Administration	492,904	518,858
Fred and Sybil Patten Excellence in Teaching in Liberal Arts Professorship	58,030	61,239
India Studies Professorship	93,536	99,595
Dr. Dalton & Peggy Cloud Professorship in Communications	56,743	57,796
LSUS Debate Professorship	56,080	57,008
Leonard and Mary Ann Selber Professorship	65,295	66,352
Dr. Norman A. Dolch Professorship in American Humanics	129,208	133,905
American Studies Chair	683,168	709,270

5. Due to LSU in Shreveport (Continued)

	<u>2020</u>	<u>2019</u>
Hubert H. Humphreys History Professorship	51,702	54,199
O. Delton Harrison, Jr. Master of Liberal Arts Professorship	49,949	52,499
George and Regina Khoury Professorship in Science	163,837	147,589
Abe I. Sadoff Chair	472,832	498,776
Samuel & Mary Abramson Professorship	55,654	57,805
Dr. Richard K. Speairs Professorship in Field Biology	66,153	68,255
Harman and Renae Chandler Professorship for Masters in Biological Science	45,727	48,579
Don and Earlene Coleman Red River Watershed Management Institute Professorship	64,276	65,241
George Khoury Professorship in Space Science	126,675	131,945
Max and Jasmine Morelock Professorship in Chemistry	42,906	45,807
Lisa A. Burke Bioinformatics Professorship	48,931	51,750
AEP SWEPCO LaPrep Professorship	511,954	534,798
Miriam Sklar Super Professorship in Theoretical Math and Physics	77,096	59,111
Wheless Geology Professorship	-	49,415
Woolf Petroleum Engineering Professorship	-	49,444
Archives and Oral History	19,852	19,556
Joe B. Calloway Jr. Professorship in Insurance	40,413	41,102
George Khoury Professorship in Kinesiology	40,413	41,102
<u>Academic Support:</u>		
Bobbie C. Hicks Professorship - Authors in April	112,789	114,674
Hubert and Pat Hervey Professorship of Museum of Life Sciences	60,893	61,890
Life Science Museum Professorship & Curatorship	48,488	49,271
William B. Wiener Professorship of Archives and Historical Preservation	46,076	48,947
Ruth H. Noel Chair	881,125	937,498
<u>Scholarships and Fellowships:</u>		
John and Cheryl Good Scholarship	46,740	48,322
Dalton J. and Sugar Woods Scholarship	63,625	65,458
Phillip and Alma Rozeman Scholarship	54,116	56,499
Salvadore and Kendra Miletello Scholarship	54,856	56,553
Alta and John Franks First Generation Scholarship	54,438	56,956
Herman and Renae Chandler First Generation Scholarship	59,159	61,749
Michael Woods Family First Generation Scholarship	43,929	46,275
Helen & Frank Katzenstien Scholarship	23,560	23,681
George P. Bonner Scholarship	17,266	17,008
Kathy G. Troquille Memorial Scholarship	41,766	41,101
	<u>7,230,604</u>	<u>7,522,101</u>

6. Net Assets Restricted for Specified Purposes

Net assets restricted for specified purposes consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Instruction	3,245,071	3,777,911
Research	21,927	26,582
Public service	20,139	31,386
Academic support	2,187,296	1,170,065
Athletics	241,705	237,197
Student services	25,440	2,795
Institutional support	36,572	41,176
Operation and maintenance of plant	139	4,330
Development	50,000	-
Scholarships and fellowships	<u>1,967,007</u>	<u>2,185,949</u>
	<u>7,795,296</u>	<u>7,477,391</u>

7. Net Assets Restricted in Perpetuity—Endowment

Net assets restricted in perpetuity (endowment) consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Instruction	6,297,011	6,316,164
Public service	100,000	100,000
Academic support	1,122,190	1,062,260
Institutional support	30,000	30,000
Operation and maintenance of plant	94,086	94,086
Scholarships and fellowships	<u>3,132,195</u>	<u>3,070,380</u>
	<u>10,775,482</u>	<u>10,672,890</u>

8. Endowed Net Assets

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and to provide a stable level of support to the beneficiaries. To achieve this objective, the 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.

Private endowed contributions received for professorships, chairs, and scholarships are included in endowed net assets. Certain endowed funds are provided by the State of Louisiana as a match to these qualifying private endowed contributions and are managed under agreement with the University for the University's benefit. These endowed assets 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.

8. Endowed Net Assets (Continued)

A spending rate is determined by the Foundation's Board of Directors, with consideration given to market conditions, the spending levels of peer institutions, and historical returns. The objective is to provide relatively stable spending allocations. The Board approved a discretionary spending rate of up to 4.25% for fiscal years ended June 30, 2020 and 2019, based on a separate review of each individual endowment's performance.

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 ("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.

The Foundation's Board of Directors has adopted the investment policies set forth by the Louisiana Board of Regents and applies these policies to all endowments. Prior to January 2012, the Louisiana Board of Regents spending policy dictated that no portion of the inflation-adjusted corpus, as defined by the Board of Regents, was to be allocated for spending. Effective July 1, 2008, the Louisiana Board of Regents temporarily waived the inflation-adjustment requirement for original corpus. Effective January 26, 2012, the Louisiana Board of Regents investment policy was revised and states that annual spending must be determined in accordance with UPMIFA. However, 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 at least equal to the amount to be spent in the next fiscal trust fund year for which a spending allocation is to be made. When the current market value of each endowment is below the original corpus, no spending is allowed.

Endowment fund net asset composition as of June 30, 2020:

	Without Donor Restrictions	Restricted for Specified Purposes	Restricted in Perpetuity	Total
Endowment net assets, June 30, 2019	182,976	4,746,306	10,672,890	15,602,172
Contributions	-	-	120,631	120,631
Other income	-	-	522	522
Net investment income	(277)	(227,334)	-	(227,611)
Appropriation of endowment assets for expenditure	(3,090)	(8,021)	-	(11,111)
Interfund transfers	-	9,956	(18,561)	(8,605)
Endowment net assets, June 30, 2020	<u>179,609</u>	<u>4,520,907</u>	<u>10,775,482</u>	<u>15,475,998</u>
Donor-restricted endowment	-	4,520,907	10,775,482	15,296,389
Board-designated endowment	<u>179,609</u>	-	-	<u>179,609</u>
Total	<u>179,609</u>	<u>4,520,907</u>	<u>10,775,482</u>	<u>15,475,998</u>

8. Endowed Net Assets (Continued)

Endowment fund net asset composition as of June 30, 2019:

	<u>Without Donor Restrictions</u>	<u>Restricted for Specified Purposes</u>	<u>Restricted in Perpetuity</u>	<u>Total</u>
Endowment net assets, June 30, 2018	182,075	4,914,641	10,620,566	15,717,282
Contributions	-	-	52,324	52,324
Net investment income	7,239	250,503	-	257,742
Appropriation of endowment assets for expenditure	(6,338)	(418,838)	-	(425,176)
Interfund transfers	-	-	-	-
Endowment net assets, June 30, 2019	<u>182,976</u>	<u>4,746,306</u>	<u>10,672,890</u>	<u>15,602,172</u>
Donor-restricted endowment	-	4,746,306	10,672,890	15,419,196
Board-designated endowment	<u>182,976</u>	<u>-</u>	<u>-</u>	<u>182,976</u>
Total	<u>182,976</u>	<u>4,746,306</u>	<u>10,672,890</u>	<u>15,602,172</u>

9. Transactions with Louisiana State University in Shreveport

Contributed Services

Louisiana State University in Shreveport provides to the Foundation, without cost, services for the administration of the Foundation in the form of personnel. These services are valued at their actual cost to the University. For the years ended June 30, 2020 and 2019, contributed personnel costs were determined to be \$110,154 and \$149,245, respectively. The amounts for these services have not been reflected in the Foundation's financial statements.

Other Receivable

Included in other receivables as of June 30, 2020 and 2019, were \$5,355 and \$30,274 due from the University, substantially all of which related to the University's reimbursement to the Foundation for software.

Accounts Payable

In the normal course of operations, the University pays expenditures on behalf of the Foundation and recognizes scholarship revenue based on the Foundation's awards. The University invoices the Foundation monthly. Included in accounts payable as of June 30, 2020 and 2019, were \$21,816, and \$163,589 due to the University for such expense reimbursement and scholarship awards.

10. Fair Value Measurements

In 2009, the Foundation adopted FASB Accounting Standards Codification Topic 820, "Fair Value Measurements (Topic 820)." Topic 820 requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2020 and 2019 are as follows:

	<i>Assets at Fair Value as of June 30, 2020</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money markets	-	547,236	-	547,236
Certificate of deposit	1,039,323	-	-	1,039,323
Mutual funds:				
Bond funds	8,074,454	-	-	8,074,454
Equity funds - domestic	9,961,878	-	-	9,961,878
Equity funds - international	4,640,040	-	-	4,640,040
Real estate funds	<u>574,522</u>	<u>-</u>	<u>-</u>	<u>574,522</u>
Total mutual funds	23,250,894	-	-	23,250,894
Common-stock domestic	<u>1,878</u>	<u>-</u>	<u>-</u>	<u>1,878</u>
Total	<u>24,292,095</u>	<u>547,236</u>	<u>-</u>	<u>24,839,331</u>

10. Fair Value Measurements (Continued)

	<i>Assets at Fair Value as of June 30, 2019</i>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money markets	-	718,490	-	718,490
Certificate of deposit	1,677,619	-	-	1,677,619
Mutual funds:				
Bond funds	8,419,661	-	-	8,419,661
Equity funds - domestic	10,503,655	-	-	10,503,655
Equity funds - international	4,392,702	-	-	4,392,702
Real estate funds	621,314	-	-	621,314
Total mutual funds	23,937,332	-	-	23,937,332
Common-stock domestic	3,475	-	-	3,475
Total	<u>25,618,426</u>	<u>718,490</u>	<u>-</u>	<u>26,336,916</u>

11. New Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (Topic 842). Under the new guidance, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- Lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

Additional qualitative and quantitative disclosures will be required so that users can understand more about the nature of an entity's leasing activities. Also, the new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities.

ASU No. 2016-02 will become effective for the Foundation for the fiscal year ending June 30, 2022. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. The Foundation is currently evaluating the potential impact of adopting this guidance on its financial statements.

12. Spring Street Museum and Helen Mann Memorial Fund Committee, Inc.

Effective October 4, 2019, The National Society of the Colonial Dames of America in the State of Louisiana (the “Colonial Dames”) gifted to LSUS Realty, LLC the Spring Street Museum (the “Museum”) in Shreveport, Louisiana, which comprises land, building, and improvements, a collection of historical artifacts, and a beneficial interest in a supporting organization. The Foundation recorded the gift as an in-kind contribution. The land, building, and improvements were recorded as their estimated fair value of \$145,000 based on an appraisal. The beneficial interest was recorded at the net asset value of the Helen Mann Memorial Fund Committee, Inc., the supporting organization.

Beneficial interest represents the Foundation’s share of net assets available to the Foundation from the Helen Mann Memorial Fund Committee, Inc. (the “Fund Committee”), a nonprofit organization. Because the Fund Committee is a separate legal entity with a separate governing body, the Foundation does not include the Fund Committee in consolidation, but records its share of the Fund’s net assets because the Fund Committee is financially interrelated with the Foundation.

Funds belonging to the Fund Committee are not automatically available to the Foundation, but must be requested for specific purposes through a process that the Fund Committee controls. The Fund Committee exists to support the Spring Street Museum. For the year ended June 30, 2020, the Foundation received no contributions from the Fund Committee.

13. Uncertainties Arising Due to the COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while this may negatively impact the Foundation’s operating results, the related financial impact and duration cannot be reasonably estimated at this time.

14. Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 740 “Subsequent Events,” the Foundation evaluated events and transactions that occurred after the consolidated statement of financial position date but before the consolidated financial statements were made available for issuance for potential recognition or disclosure in the consolidated financial statements. The Foundation evaluated such events through January 14, 2021, and, except as disclosed in Note 13, noted no such subsequent events.

SUPPLEMENTARY INFORMATION

THE LSU IN SHREVEPORT FOUNDATION, INC.

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020

<u>ASSETS</u>	<u>LSUS Foundation</u>	<u>LSUS Realty</u>	<u>Eliminating Entries</u>	<u>Total</u>
Cash and cash equivalents	193,342	20,161	-	213,503
Investments	24,839,331	-	-	24,839,331
Contributions receivable	-	-	-	-
Other receivable	54,327	-	(46,458)	7,869
Property and equipment, net	-	143,104	-	143,104
Beneficial interest in supporting organization	-	1,165,059	-	1,165,059
Collection (see Note 2)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>25,087,000</u>	<u>1,328,324</u>	<u>(46,458)</u>	<u>26,368,866</u>
 <u>LIABILITIES AND NET ASSETS</u> 				
<u>Liabilities:</u>				
Bank overdraft	-	-	-	-
Accounts payable	63,587	46,458	(46,458)	63,587
Due to LSU in Shreveport	<u>7,230,604</u>	-	-	<u>7,230,604</u>
Total liabilities	<u>7,294,191</u>	<u>46,458</u>	<u>(46,458)</u>	<u>7,294,191</u>
 <u>Net assets:</u>				
Without donor restrictions:				
Designated by board for endowment	179,609	-	-	179,609
Undesignated	234,300	(53,116)	-	181,184
Investment in capital assets	-	<u>143,104</u>	-	<u>143,104</u>
Total without donor restrictions	<u>413,909</u>	<u>89,988</u>	-	<u>503,897</u>
 With donor restrictions:				
Restricted for specified purposes	6,603,418	1,191,878	-	7,795,296
Restricted in perpetuity-endowment	<u>10,775,482</u>	-	-	<u>10,775,482</u>
Total with donor restrictions	<u>17,378,900</u>	<u>1,191,878</u>	-	<u>18,570,778</u>
 Total net assets	 <u>17,792,809</u>	 <u>1,281,866</u>	 <u>-</u>	 <u>19,074,675</u>
 Total liabilities and net assets	 <u>25,087,000</u>	 <u>1,328,324</u>	 <u>(46,458)</u>	 <u>26,368,866</u>

THE LSU IN SHREVEPORT FOUNDATION, INC.

CONSOLIDATING STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	LSUS Foundation	LSUS Realty	Eliminating Entries	Total
<i>Change in net assets without donor restrictions:</i>				
<u>Support, revenues, and gains:</u>				
Contributions	72,174	-	-	72,174
Contributions in-kind	-	145,000	-	145,000
Net investment income	29,862	-	-	29,862
Endowment management fees	278,854	-	-	278,854
Other	46,959	-	-	46,959
Total support, revenues, and gains	427,849	145,000	-	572,849
<u>Net assets released from restrictions</u>	1,118,358	-	-	1,118,358
<u>Transfers between classifications</u>	(3,400)	-	-	(3,400)
Total support, revenues, gains, and reclassifications	1,542,807	145,000	-	1,687,807
<u>Expenses:</u>				
Program services	1,168,836	55,012	-	1,223,848
Management and general	369,230	-	-	369,230
Fundraising and development	60,354	-	-	60,354
Total expenses	1,598,420	55,012	-	1,653,432
Change in net assets without donor restrictions	(55,613)	89,988	-	34,375
<i>Change in net assets with donor restrictions:</i>				
<u>Support, revenues, and gains:</u>				
Contributions	566,921	26,819	-	593,740
Contributions in-kind	-	1,215,121	-	1,215,121
Net investment income (loss)	(35,472)	-	-	(35,472)
Endowment management fees	(188,494)	-	-	(188,494)
Other	622	-	-	622
Change in interest in supporting organization	-	(50,062)	-	(50,062)
Total support, revenues, and gains	343,577	1,191,878	-	1,535,455
<u>Net assets released from restrictions</u>	(1,118,358)	-	-	(1,118,358)
<u>Transfers between classifications</u>	3,400	-	-	3,400
Change in net assets with donor restrictions	(771,381)	1,191,878	-	420,497
<u>Change in net assets</u>	(826,994)	1,281,866	-	454,872
<u>Net assets at beginning of year</u>	18,619,803	-	-	18,619,803
<u>Net assets at end of year</u>	17,792,809	1,281,866	-	19,074,675