

RAGIN' CAJUN FACILITIES, INC.
FINANCIAL REPORT
JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ragin' Cajun Facilities, Inc.
Lafayette, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Ragin' Cajun Facilities, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 from 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 auditor's 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 Ragin' Cajun Facilities, Inc. as of June 30, 2020 and 2019, and the respective 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.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to agency head on page 24 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated September 21, 2020, on our consideration of Ragin' Cajun Facilities, Inc.'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 Ragin' Cajun Facilities, Inc.'s internal control over financial reporting and compliance.



Lafayette, Louisiana
September 21, 2020

FINANCIAL STATEMENTS

RAGIN' CAJUN FACILITIES, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2020 and 2019

ASSETS	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash	\$ 449,268	\$ 252,520
Accounts receivable	30,003	28,303
Interest receivable	<u>80</u>	<u>42,634</u>
	<u>\$ 479,351</u>	<u>\$ 323,457</u>
RESTRICTED ASSETS		
Cash in debt service reserves	\$ 5,342,294	\$ 5,329,555
Cash in maintenance reserves	3,761,350	2,873,481
Project and other funds:		
Cash	487,700	3,407,718
Investments, at market value	<u>-</u>	<u>3,348,163</u>
	<u>\$ 9,591,344</u>	<u>\$ 14,958,917</u>
PROPERTY AND EQUIPMENT		
Buildings	\$309,169,019	\$260,327,444
Land improvements	4,154,957	810,293
Furniture and equipment	<u>30,272,335</u>	<u>26,612,173</u>
	\$343,596,311	\$287,749,910
Accumulated depreciation and amortization	<u>(71,287,449)</u>	<u>(58,320,962)</u>
Net depreciable assets	\$272,308,862	\$229,428,948
Land	2,474,047	2,474,047
Construction in progress	<u>46,950</u>	<u>44,727,763</u>
Total property and equipment	<u>\$274,829,859</u>	<u>\$276,630,758</u>
Total assets	<u>\$284,900,554</u>	<u>\$291,913,132</u>

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	<u>2020</u>	<u>2019</u>
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Current maturities of bonds payable	\$ 6,420,000	\$ 6,035,000
Current portion of long-term debt	130,521	124,391
Accounts payable	224,406	1,780,915
Accrued interest payable	2,970,891	3,002,845
Deferred revenue	<u>-</u>	<u>1,700</u>
Total current liabilities	<u>\$ 9,745,818</u>	<u>\$ 10,944,851</u>
LONG-TERM LIABILITIES		
Bonds payable less current maturities	\$250,125,000	\$253,945,000
Bond issue premium (discount), net of accumulated amortization of \$1,306,195 and \$742,438, respectively	11,536,887	12,100,644
Bond issuance costs, net of accumulated amortization of \$2,264,967 and \$1,962,523 respectively	(5,165,149)	(5,380,159)
Long-term debt, less current portion	624,863	755,385
Long-term debt costs, net of accumulated amortization of \$6,148 and \$5,121, respectively	<u>(2,588)</u>	<u>(3,615)</u>
Total long-term liabilities	<u>\$257,119,013</u>	<u>\$261,417,255</u>
Total liabilities	<u>\$266,864,831</u>	<u>\$272,362,106</u>
NET ASSETS		
Without donor restrictions	\$ 14,274,373	\$ 16,677,545
With donor restrictions	<u>3,761,350</u>	<u>2,873,481</u>
	<u>\$ 18,035,723</u>	<u>\$ 19,551,026</u>
Total liabilities and net assets	<u>\$284,900,554</u>	<u>\$291,913,132</u>

RAGIN' CAJUN FACILITIES, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, LOSSES AND OTHER SUPPORT:			
Rental income	\$ 15,546,390	\$ -	\$ 15,546,390
Contributions	5,037,905	2,346,422	7,384,327
Interest income	<u>69,255</u>	<u>43,670</u>	<u>112,925</u>
Total revenues, gains, losses and other support	\$ 20,653,560	\$ 2,390,092	\$ 23,043,642
Released from restriction	<u>1,502,223</u>	<u>(1,502,223)</u>	<u>-</u>
Total revenues after net assets released from restrictions	<u>\$ 22,155,773</u>	<u>\$ 887,869</u>	<u>\$ 23,043,642</u>
EXPENSES:			
Program expenses:			
Depreciation and amortization	\$ 12,966,487	\$ -	\$ 12,966,487
Repairs and maintenance	632,322	-	632,322
Insurance	24,476	-	24,476
Other expenses	19,356	-	19,356
Interest expense, net	<u>10,916,304</u>	<u>-</u>	<u>10,916,304</u>
	<u>\$ 24,558,945</u>	<u>\$ -</u>	<u>\$ 24,558,945</u>
Change in net assets	\$ (2,403,172)	\$ 887,869	\$ (1,515,303)
Net assets at beginning of year	<u>16,677,545</u>	<u>2,873,481</u>	<u>19,551,026</u>
Net assets at end of year	<u>\$ 14,274,373</u>	<u>\$ 3,761,350</u>	<u>\$ 18,035,723</u>

See Notes to Financial Statements.

RAGIN' CAJUN FACILITIES, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS, LOSSES AND OTHER SUPPORT:			
Rental income	\$ 15,378,262	\$ -	\$ 15,378,262
Contributions	999,962	2,346,422	3,346,384
Interest income	<u>124,433</u>	<u>55,371</u>	<u>179,804</u>
 Total revenues, gains, losses and other support	 \$ 16,502,657	 \$ 2,401,793	 \$ 18,904,450
 Released from restriction	 <u>2,933,706</u>	 <u>(2,933,706)</u>	 <u>-</u>
 Total revenues after net assets released from restrictions	 \$ <u>19,436,363</u>	 \$ <u>(531,913)</u>	 \$ <u>18,904,450</u>
EXPENSES:			
Program expenses:			
Depreciation and amortization	\$ 10,699,327	\$ -	\$ 10,699,327
Repairs and maintenance	1,077,167	-	1,077,167
Insurance	26,578	-	26,578
Other expenses	30,571	-	30,571
Interest expense, net	<u>9,255,985</u>	<u>-</u>	<u>9,255,985</u>
	<u>\$ 21,089,628</u>	<u>\$ -</u>	<u>\$ 21,089,628</u>
 Change in net assets	 \$ (1,653,265)	 \$ (531,913)	 \$ (2,185,178)
 Net assets at beginning of year	 <u>18,330,810</u>	 <u>3,405,394</u>	 <u>21,736,204</u>
 Net assets at end of year	 \$ <u>16,677,545</u>	 \$ <u>2,873,481</u>	 \$ <u>19,551,026</u>

See Notes to Financial Statements.

RAGIN' CAJUN FACILITIES, INC.

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,515,303)	\$ (2,185,178)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	12,966,487	10,699,327
Amortization of deferred bond cost, loan costs and bond discount and premium included in interest expense	(255,982)	(152,328)
(Increase) decrease in receivables	40,854	(70,937)
Increase (decrease) in accrued interest payable	548,061	(53,604)
Increase in deferred revenue	<u>(1,700)</u>	<u>-</u>
Net cash provided by operating activities	<u>\$ 11,782,417</u>	<u>\$ 8,237,280</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	\$ -	\$ (44,647,853)
Proceeds from sale/maturity of investments	3,350,000	41,667,333
Acquisition of fixed assets	(12,310,753)	(44,314,693)
Capitalization of interest, net of interest and investment earnings	<u>(997,500)</u>	<u>(1,693,747)</u>
Net cash used in investing activities	<u>\$ (9,958,253)</u>	<u>\$ (48,988,960)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bonds payable	\$ (6,035,000)	\$ (5,820,000)
Proceeds from issuance of bond debt, net	2,600,000	-
Payments on long-term debt	(124,392)	(119,185)
Payments for bond issue costs	<u>(87,434)</u>	<u>-</u>
Net cash used in financing activities	<u>\$ (3,646,826)</u>	<u>\$ (5,939,185)</u>
Net decrease in cash	\$ (1,822,662)	\$ (46,690,865)
Cash, beginning of year	<u>11,863,274</u>	<u>58,554,139</u>
Cash, end of year	<u>\$ 10,040,612</u>	<u>\$ 11,863,274</u>
Cash:		
Operating	\$ 449,268	\$ 252,520
Restricted	<u>9,591,344</u>	<u>11,610,754</u>
	<u>\$ 10,040,612</u>	<u>\$ 11,863,274</u>

See Notes to Financial Statements.

RAGIN' CAJUN FACILITIES, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Ragin' Cajun Facilities, Inc. (the "Corporation") is a Louisiana nonprofit corporation chartered in January 2001. Its purpose is to promote, assist and benefit the educational, scientific, research and public service mission of University of Louisiana at Lafayette (the "University"). The objectives of the Corporation are to acquire, construct, develop, manage, lease as lessor or lessee, mortgage and/or convey student housing and other facilities on the campus of the University.

The accompanying financial statements of the Corporation have been prepared on the accrual basis of accounting.

Significant accounting policies:

Allowance for doubtful accounts -

The Corporation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Restricted cash and investments -

The Corporation's trustee maintains money market balances and other short-term investments required for financing the costs of the development, design, construction and equipping of new student housing, child care facilities, parking and athletics facilities (collectively, the "Facilities") for students, faculty and staff of the University, funding a debt service reserve fund, paying capitalized interest on the bonds, and paying costs of issuance of the bonds, including the premium for the Bond Insurance Policy. These reserved amounts are reflected as restricted cash on the statement of financial position. The funds are held in trust and can only be disbursed, in accordance with the trust agreement, by the trustee and intended for debt service payments, construction repair and maintenance activities.

Money market funds and other short term investments are not bank deposits or obligations, are not guaranteed by the Bank in trust and are not insured by the FDIC, the Federal Reserve Board, or any other government agency and are collateralized by securities held by the financial institution's trust department, but not in the Corporation's name. These funds are reflected as restricted cash and investments on the statement of financial position.

Cash and cash equivalents -

For the purposes of the statement of cash flows, the Corporation considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

NOTES TO FINANCIAL STATEMENTS

Property and equipment -

Purchased property and equipment is recorded at cost at the date of acquisition. Depreciation is computed basis over the estimated useful life of the related assets at rates based on the following estimated useful lives:

	<u>Years</u>
Buildings and improvements	20-30
Land improvements	10-30
Appliances, furniture and equipment	5-20
Technology costs	10-15

Interest on debt issued to finance the construction of the facilities is capitalized as a part of the project and amortized over the same useful life of buildings and improvements. Investment earnings on temporary investments earned during the construction phase are netted against capitalized interest. When fixed assets are placed in service, they are transferred to the respective accounts and depreciated. Amortization of capitalized interest is consistent with the depreciation method used for buildings and improvements.

Federal income taxes -

The Corporation qualifies for an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

The Corporation's Form 990, *Return of Organization Exempt from Income Tax*, is no longer subject to examination by tax authorities for years prior to 2017.

Bond Issuance Costs -

Costs incurred in obtaining long-term financing have been capitalized and are being amortized over the lives of the bonds under the effective interest method.

Bond Issue Discounts and Premiums -

Bond issue discounts and premiums resulting from the issuance of revenue bonds at a price below (discount) or exceeding (premium) the face value of the bonds are amortized over the life of the bonds under the effective interest method. Bond discounts and premiums are presented at net values on the financial statements.

Use of estimates -

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

NOTES TO FINANCIAL STATEMENTS

Fair values of financial instruments -

The Corporation has adopted the provisions of the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification (ACS 820) for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

The Corporation's financial instruments are cash and cash equivalents, accounts payable, contracts payable, interest payable and long-term debt. The recorded values of cash and cash equivalents and accounts payable approximate their fair values based on their short-term nature. The recorded values of investments and long-term debt are estimated based on the quoted market prices of the same or similar investments or issues.

ASC 820 defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including the Corporation's own credit risk.

In addition to defining fair value, ASC 820 expands the disclosure requirements around fair value and establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which is determined by the lowest level input that is significant to the fair value measurement in its entirety.

These levels are: The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

Concentrations of credit risk -

The Corporation receives 100% of its facilities lease rental revenue from the University of Louisiana at Lafayette. In addition, the University makes annual maintenance reserve contributions that are stipulated in the bond indentures.

NOTES TO FINANCIAL STATEMENTS

The Corporation periodically maintains cash in trust accounts in excess of insured limits. The Corporation has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Adopted accounting pronouncements

The Financial Accounting Standards Board (FASB) issued ASU 2016-15 “*Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*”. The amendments in this update provide guidance on specific cash flow issues. The amendments in this update were effective for fiscal years beginning after December 15, 2018. Amendments in this update are to be applied retrospectively for each period presented, if impracticable then prospectively as of the earliest date practicable. In 2020 the Corporation adopted the amendments in this update. These changes had no effect of the financial statements in 2020 or 2019.

In June 2018 the FASB issued ASU 2018-08 “*Not for Profit Entities (Topic 958) Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*”. This update clarifies and improves the scope of the accounting guidance about whether a transfer of assets (or the reduction, settlement or cancellation of liabilities) is a contribution or an exchange transaction. The amendments also require that an entity determine whether a contribution is conditional that must be satisfied and whether a right of return exists. Consequently, it clarifies the timing of revenue recognition and the guidance which applies. The amendments in this update were effective for fiscal years beginning after December 15, 2018 for resource recipients and December 15, 2019 for resource providers. The amendments in this update should be applied on a modified prospective basis. As such the amendment should be applied to agreements that are not completed as of the effective date or entered into after the effective date. The Corporation adopted the amendments in this update during 2020. These amendments had no effect on the financial statements in 2020.

Upcoming accounting pronouncements:

The Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* as amended by ASU 2015-14, *Revenue from Contracts with Customers (Topic 606) – Deferral of the Effective Date*. This ASU is a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. In order to achieve this, revenue streams are evaluated using a five-step process. This ASU was effective for non-public business entities for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, however, on May 20, 2020, the FASB extended the required implementation period to fiscal years beginning after December 15, 2019. The Corporation is continuing to evaluate the impact this guidance on its financial statements and plans to implement next year.

In August 2018 the FASB issued ASU 2018-13 “*Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*”. This update which is effective for fiscal years beginning after December 15, 2019 removes, modifies and adds to fair value disclosure requirements. Adoption of this update is expected to impact certain fair value disclosures next year.

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments

During the 2019 fiscal year, the Corporation directed the Trustee for the Series 2018 Parking and Housing Bonds to invest in certain short term bonds and Treasury securities to increase investment income on undisbursed bond proceeds as the project progressed and undisbursed proceeds were expended. At June 30, 2019, the balance of investments was made up of various state and municipal bonds, U.S. Treasury and Agency debt securities with varying maturities within the first quarter of the June 30, 2020 fiscal year. The face value of the bonds outstanding were \$3,780,000 with an amortized cost basis of \$3,347,213 and a market value of \$3,348,163. Investments are stated at market value and made up of the following components at June 30, 2019:

State and Municipal Bonds	\$ 1,350,333
U.S. Agency Bond	998,970
U.S. Treasury Bond	<u>998,860</u>
	<u>\$ 3,348,163</u>

There were no investment holdings as of June 30, 2020.

Note 3. Long-Term Debt - Bonds

In October 2012, the Corporation issued \$14,740,000 of non-taxable refunding revenue bonds, the Series 2012 bonds, through the Lafayette Public Financing Authority. The purpose of the issue was to refund the Series 2002 revenue bonds of the Corporation and to reduce debt service on the remaining outstanding obligation in a falling interest rate environment. The original Series 2002 revenue bonds were used to construct the first phase of the Legacy Park Apartment Complex for students of the University of Louisiana at Lafayette at a cost of \$15,464,451, plus capitalized interest incurred during the project of \$1,461,966. The Series 2012 refunding bonds were issued at a premium of \$818,273 and costs of issuance deducted from the bond proceeds consisted of \$110,550 of underwriter's discount and the bond insurance premium of \$233,595. Additional payments for costs of issuance of \$176,337 were paid by the Corporation. Interest rates on bond outstanding at June 30, 2020 range from 3.00% to 5.00%, with an average interest rate of 4.02%

During the 2017 fiscal year, the Corporation's remaining \$11,880,000 of Series 2009 revenue bonds were refunded, along with a substantial portion of the outstanding Series 2010 Parking and Housing Bonds, as the Series 2017 Refunding Bonds. That portion of the Series 2010 Parking and Housing revenue bonds included in the refunding were bonds outstanding of \$85,645,000 with maturities from October 1, 2021 through October 1, 2041. As a result of the refunding, the remaining Series 2010 Parking and Housing Bonds outstanding of \$8,150,000 that were not included in the refunding, were bonds with maturities through October 1, 2020. The Series 2017 Refunding Bonds were issued in the face amount of \$95,945,000, with aggregate bond issue costs of \$2,156,840, at a premium of \$8,479,654.

The initial purpose of the Series 2009 bonds was to construct a second phase of the Legacy Park Apartment complex and were originally issued at a face value of \$12,500,000. The original cost of the project was \$9,783,019, plus capitalized interest incurred during construction of the project of \$871,139.

NOTES TO FINANCIAL STATEMENTS

The Series 2010 Parking and Housing Bond had multiple phases and involved the demolition of existing residence halls and the construction of four new large residence halls, the renovation of four existing halls and the construction of a six-level parking garage. In connection with this project, the Corporation issued bonds in the amount of \$100,050,000. The cost of the facilities in connection with this issue was \$81,052,862, plus capitalized interest incurred during the project of \$7,469,682. The project was performed in stages and spanned three years to completion.

At June 30, 2020, the remaining maturity of October 1, 2020 of the Series 2010 bonds carries an interest rate of 5.25%. Interest rates on the Series 2017 Refunding Bonds for Parking and Housing range from 3.00% to 5.00%, with an average interest rate of 4.64%.

In fiscal year 2010, the Organization also issued the Series 2010 Student Union Revenue Bonds for the renovation and expansion of the University's Student Union facility. The University initially contributed \$19,312,000 toward the project along with the proceeds of the bonds issued in the amount \$22,200,000 to finance the cost of demolishing certain facilities, renovate and expand the existing UL Student Union, renovate the O. K. Allen Hall to provide for a student health center, the construction of a new food services center and other facilities. Issue costs in connection with the Series 2010 Student Union project were \$671,779 and the bonds were issued at a discount of \$374,142. The University made additional contributions throughout the five year construction term totaling \$12,995,607. By the end of the 2016 fiscal year, the facility was completed at a cost of \$52,543,370, in additional to \$3,891,414 of capitalized interest, net of interest and investment earnings on bond proceeds. Interest rates on bonds outstanding for the Series 2010 Student Union Bonds at June 30, 2020 range from 3.50% to 5.00%, with an average interest rate of 4.87%

In November 2013, the Organization issued Series 2013 Revenue Bonds for the construction of two new projects, the Athletic Facilities Project and the East Lewis Street Parking Garage in connection with the Louisiana Local Government Environmental Facilities and Community Development Authority. The Series 2013 Athletic Facilities Project involved the design, development, equipping, renovation, reconstruction and/or construction of an addition to the Leon Moncla Indoor Athletic Practice Facility to provide football locker rooms, a weight room, coach's offices and training facilities; the construction of an additional 5,900 seats in the south end zone of Cajun Field football stadium; the construction of a new visitor's football locker room; and the construction of a new track/soccer office, concession and locker room building on the campus of the University of Louisiana at Lafayette.

The University initially contributed \$1,000,000 toward the project during the 2014 fiscal year, concurrent with the issuance of the 2013 Series bonds in the amount \$23,605,000. During the construction phase, the University made additional contributions to the project of \$1,139,956 and the Ragin' Cajun Athletics Foundation ("RCAF") made contributions of \$3,860,000. Bond issuance costs of \$539,802 were incurred in connection with the bonds and the bonds were issued at a discount of \$147,924. The bonds were issued pursuant to the Athletic Revenue Contribution Agreement; whereby, the Ragin' Cajun Athletics Foundation agreed to transfer Athletic Revenues in a minimum annual amount of \$400,000. Such contributions by the RCAF are included in rent revenues in the fiscal years ended June 30, 2020 and 2019.

Accumulated construction costs for the initial Athletics Facilities Project were \$25,309,602, along with capitalized interest of \$1,709,891, are included in buildings and improvements and equipment and technology costs of \$1,899,159 are included in furniture and equipment. Interest rates on bonds outstanding for the Series 2013 Athletics Facilities Bonds at June 30, 2020 range from 3.00% to 5.00%, with an average interest rate of 4.80%.

NOTES TO FINANCIAL STATEMENTS

The Series 2013 Parking Garage Project involved the construction of another multi-level parking garage on the campus of the University of Louisiana at Lafayette on East Lewis Street. Bonds with a face amount of \$25,205,000 were issued in the 2014 fiscal year to facilitate construction of the project. Bond issuance costs of \$579,625 were incurred in connection with the bonds which were issued at a discount of \$175,990. Upon completion of the project in the 2018 fiscal year, the accumulated construction costs for the East Lewis Street Garage Project was \$21,708,768, in addition to capitalized interest of \$1,244,444. Interest rates on bonds outstanding for the Series 2013 Parking Garage Bonds at June 30, 2020 range from 3.00% to 5.00%, with an average interest rate of 4.78%.

In 2015, the Organization issued bonds for the University of Louisiana at Lafayette's Cajundome Improvements Project. The Series 2015 bonds were issued to fund improvements to the University's Cajundome Facility. The bonds issued for the project were used for designing, renovating, constructing, furnishing and/or equipping certain improvements for the Cajundome, including seating replacement, parking lot improvements, courtyard improvements, storage improvements, elevator improvements, kitchen improvements, lobby improvements, roof improvements, boiler replacement and lighting improvements. Bonds with a face amount of \$18,500,000 were issued in the 2016 fiscal year with an aggregate issue cost of \$426,182 at a discount of \$188,297.

As part of the Cajundome Series 2016 Refunding Bond, an additional \$1,470,276 of bond proceeds were provided in addition to contributions from the Cajundome Commission were added to the project budget for the Series 2015 Cajundome Improvement project. Through June 30, 2019, \$19,428,655 had been incurred on the project, in addition to \$1,394,738 of capitalized interest, net of earnings on undisbursed bond proceeds during the course of the project. Interest rates on bonds outstanding for the Series 2015 Cajundome Improvements Bonds at June 30, 2020 range from 3.50% to 4.125%, with an average interest rate of 4.04%

During the 2017 fiscal year, the University of Louisiana at Lafayette refunded revenue bonds outstanding of \$9,790,000, carried by the University in its financial statements. The \$11,005,000 Series 2016 Revenue and Refunding Bonds were issued through Ragin' Cajun Facilities, Inc. Cost of issuance in connection with the refunding was \$239,284. The refunding of the existing indebtedness was accomplished through transfers of funds accumulated in debt service reserves of the Cajundome in addition to proceeds of the Series 2016 refunding. The refunding also accomplished an additional \$1,470,276 of funding, as discussed above, which was added to the Cajundome Improvement Project's budget that was being developed with the Series 2015 Revenue Bonds. To record the assumption of the liability from the University, \$10,005,922 was recorded as a contribution to the college in the 2017 fiscal year. The interest rate on all bonds outstanding for the Series 2016 Cajundome Refunding Bonds at June 30, 2020 is 2.47%.

In the 2018 fiscal year, the Organization issued Series 2017 Baseball Stadium revenue bonds in the amount of \$10,145,000. The purpose of this issue was to refinance long-term debt with a local financial institution in the amount of \$10,000,000, incurred during the 2017 fiscal year to facilitate construction of a new baseball stadium, in addition to a \$100,000 pre-payment penalty on the loan obligation and an approximate \$45,000 in issue costs. The project cost of the stadium was facilitated with additional contributions from the University and the ULL Foundation of \$7,696,478 through June 30, 2018. The final cost of the project were \$10,377,472 for the stadium and \$6,884,376 for related furniture and equipment. Capitalized interest during the construction phase were \$196,495. The interest rate on bonds outstanding for the Series 2017 Baseball Stadium Bonds at June 30, 2020 is 3.50%.

NOTES TO FINANCIAL STATEMENTS

In 2016 the Corporation began incurring costs for a new housing and parking project that would become the Heritage Apartments with 590 beds utilizing 2, 3 and 4 bedroom apartments. The Series 2018 Housing and Parking Revenue Bonds were issued in May 2018. Project costs incurred prior to the issuance of bonds in May 2018 were paid by the University and reimbursed when the bonds were sold. Revenue bonds were issued in the amount of \$47,410,000 at a premium of \$4,903,746. The \$51,359,001 of bond proceeds are net of the underwriter's discount of \$341,352 and bond insurance premium and a surety bond fee of \$613,393. Additional costs of issuance of \$385,219 were paid from bond proceeds.

As a condition of the Bond Agreement, the University contributed \$3,824,484 to the project at the time of issuance. In 2019, the University made a \$1,000,000 extraordinary rental payment to offset a portion of the cost of acquisition of two lots adjacent to the project. During the 2020 fiscal year, additional extraordinary rental payments of \$3,921,277 were added to the project budget. The extraordinary rental amounts are included in contributions in the income statement in the June 30, 2020 and 2019 fiscal years.

Project costs through June 30, 2020 were \$56,878,741 and was completed by the 2019 fall semester. Included in the project cost is the acquisition of land in connection with the acquisition of adjacent commercial properties with existing structures that were demolished at a cost of \$2,474,047. The interest rate on bonds outstanding for the Series 2018 Housing and Parking at June 30, 2020 is 5.00%. The bonds reach maturity beginning in 2042 and with a final maturity in 2048.

Early in the 2020 fiscal year, a new bond project commenced for the Cajundome, the Series 2019 Revenue Bonds were sold for a new Cajundome Improvement Project. In connection with the project \$2,600,000 of bonds were issued by the Corporation at a cost of \$87,434. The purpose of the bonds are for the design, renovation, furnishing and equipping of certain improvements to the Cajundome including but not limited to improvements to the food and beverage retail sales facilities. The project undertook the conversion of existing storage space to accomplish that objective. Costs incurred on the project through June 30, 2020 were \$2,355,280, in addition to capitalized interest costs of \$44,782. The bonds carry an interest rate of 2.91% for all maturities.

NOTES TO FINANCIAL STATEMENTS

A recap of the activity within the respective bond issues are as follows:

<u>Bond Issue</u>	<u>Bonds Outstanding June 30, 2019</u>	<u>Bonds Issued</u>	<u>Bonds Paid</u>	<u>Bonds Outstanding June 30, 2020</u>
Series 2012 Refunding	\$ 12,265,000	\$ -	\$ 665,000	\$ 11,600,000
Series 2017 Refunding Parking and Housing	94,860,000	-	450,000	94,410,000
Series 2010 Parking and Housing	4,270,000	-	2,080,000	2,190,000
Series 2010 Student Union	18,625,000	-	515,000	18,110,000
Series 2013 Parking	23,160,000	-	545,000	22,615,000
Series 2013 Athletics Complex	21,685,000	-	510,000	21,175,000
Series 2015 Cajundome Improvements	18,500,000	-	-	18,500,000
Series 2016 Cajundome Refunding	9,540,000	-	770,000	8,770,000
Series 2017 Baseball Stadium	9,665,000	-	500,000	9,165,000
Series 2018 Parking and Housing	47,410,000	-	-	47,410,000
Series 2019 Cajundome Improvements	-	2,600,000	-	2,600,000
	<u>\$259,980,000</u>	<u>\$ 2,600,000</u>	<u>\$ 6,035,000</u>	<u>\$256,545,000</u>

Aggregate maturities required on long-term debt, including interest, are as follows at June 30:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 6,420,000	\$ 11,414,142	\$ 17,834,142
2022	6,670,000	11,169,074	17,839,074
2023	6,920,000	10,924,402	17,844,402
2024	7,180,000	10,667,527	17,847,527
2025	7,455,000	10,385,382	17,840,382
2026-2030	42,400,000	46,770,802	89,170,802
2031-2035	48,665,000	36,760,669	85,425,669
2036-2040	51,730,000	25,191,494	76,921,494
2041-2045	50,000,000	12,957,128	62,957,128
2046-2049	29,105,000	3,001,375	32,106,375
	<u>\$256,545,000</u>	<u>\$179,241,995</u>	<u>\$435,786,995</u>

Interest paid and accrued of \$456,245 and \$2,370,500, respectively, was capitalized during the years ended June 30, 2020 and 2019 for those bond projects under construction during those fiscal years. Capitalized interest costs are reduced by interest and investment earnings on undisbursed bond proceeds in the amounts of \$40,595 and \$701,990, respectively, at June 30, 2020 and 2019. Net

NOTES TO FINANCIAL STATEMENTS

amortization of bond costs, (bond premium amortization) and issue discount amortization, related to the bonds, in the amount of \$(4,304) and \$(58,610), respectively, are also included as components of capitalized interest at June 30, 2020 and 2019.

Cash payments for bond interest paid and expensed during the years ended June 30, 2020 and 2019 were \$11,179,414 and \$9,419,275, respectively. The 2020 and 2019 fiscal year reflects cash payments of bond interest in the amounts \$443,632 and \$2,028,094, respectively, which are capitalized as part of the acquisition of capital assets in the statements of cash flows.

Note 4. Long-Term Debt – Note Payable

In 2015, the Corporation purchased a facility for \$1,300,000 that it was leasing and renting the University, which it operates as a bookstore. In order to purchase the facility, the bank arranged to borrow \$1,300,000 from a local financial institution. Under the terms of the loan agreement, the Corporation being making monthly installments of \$13,486, including interest, with any remaining balance due on September 20, 2025, the maturity date. The interest rate on the loan is the prime lending rate plus 120 basis points, with a floor rate of interest of 4.45%. At June 30, 2020, the applicable interest rate has remained at 4.45% and the resulting loan balance is \$755,384. Of the June 30, 2020 note balance, \$624,863 is due after one year and classified as long-term debt.

At June 30, 2020, principal payments on the debt over the term of the note, projected at the current interest rate, is as follows:

<u>Year Ended</u>		
2021	\$	130,520
2022		136,501
2023		142,706
2024		149,248
2025		156,156
2026		<u>40,253</u>
	\$	<u>755,384</u>

Cash payments of interest on the above note for the June 30, 2020 and 2019 fiscal years, included in expense, is \$37,435 and \$42,641, respectively.

Note 5. Facilities Lease Agreements

The Corporation entered into various agreements to lease the Facilities to the Board of Supervisors for the University of Louisiana System. The rental payments under this lease are to be paid semiannually, March 15 and October 15, a base rental equal to the sum of the principal, if any, and interest due and payable on the following April 1 or October 1, for all University related projects. For the two bond issues related to the Cajundome, such facility payments, equal to the debt service payments will occur no later than the 25th day prior to the semiannual payments occurring on March 1 and September 1. The future minimum rental payments to be received as base rental payments are the amounts as reflected in Note 3. In addition to the base rental, the Board will pay additional rental of any and all expenses, of every nature, character, and kind whatsoever, incurred by the Corporation, on behalf of the Board, and/or by the Board of Ragin' Cajun Facilities in the management, operation, ownership, and/or maintenance of the Facilities.

NOTES TO FINANCIAL STATEMENTS

Note 6. Ground Lease Agreement

The Corporation entered into an agreement effective October 29, 2002, and subsequently amended, to lease the land on which the Facilities are constructed from the Board of Supervisors of the Louisiana University System. The lease term expires on October 1, 2045. The rent shall be due and paid annually in advance in the sum of \$1 per year.

Note 7. Non-Cash Transactions

Amortization of the bond premiums, net of the amortization of original issue discounts for the fiscal year ended June 30, 2020 and 2019 were \$(547,851) and \$(451,467), respectively, and amortization of bond issue costs were \$290,843 and \$297,969, respectively. Amortization of loan costs of \$1,027 and \$1,170, respectively, are also included in the statement of changes in net assets at June 30, 2020 and 2019. Amortization of the bond cost and net bond discounts and premium are included in interest expense.

Capitalized interest costs of \$12,610 and \$592,625, respectively, were accrued at June 30, 2020 and 2019 and are not reflected in the respective statements of cash flows, until such time that the interest payments are made. Likewise, net amortization of bond (premium) discount and bond costs of (\$4,305) and \$(58,610), respectively, included in capitalized interest at June 30, 2020 and 2019, are excluded from the statements of cash flows.

Note 8. Cooperative Endeavor Agreement

In August 2014, the Corporation entered into a Cooperative Endeavor Agreement (the "CEA") with; the State of Louisiana, the Louisiana Department of Economic Development, the University of Louisiana at Lafayette, the Lafayette Economic Development Authority and CGI Federal, Inc. (the "CGI"). In order to induce CGI Federal, Inc. to relocate to Lafayette, Louisiana to establish and operate an Information Technology center of excellence, the other parties to the CEA agreed to provide an Operational Cost Grant, a Facility Cost Grant, a Land Lease Grant and a UL Lafayette Grant and other considerations.

Pursuant to the CEA, Ragin' Cajun Facilities, Inc. is a party to the Facility Cost Grant portion of the Facility Agreement which provides for a grant of \$13.1 million for facility cost reimbursements by the State of Louisiana through the Louisiana Office of Economic Development. As part of the agreement, Ragin' Cajun Facilities will own and operate the facility though the term of the agreement and lease the Facility to CGI Federal, Inc. at a cost of \$1 per year, plus operating and maintenance costs for the initial 10-year period; and, thereafter at \$7 per square foot per year rental for the next ten years, with provisions for two five-year extensions.

The University funded the constructions costs incurred by Ragin' Cajun Facilities, Inc., as a funding mechanism until such costs are reimbursed by the State. At the end of the 2016 fiscal year the project was completed with total project costs of \$13,557,756 paid for the construction of the facility, all of which had been reimbursed by the Louisiana Office of Economic Development. The University reserved the right to take ownership of the facility at any time, subject to CGI's lease and Ragin Cajun is to convey ownership to the University within 60 days written request to do so.

NOTES TO FINANCIAL STATEMENTS

Note 9. Disclosure About Fair Value of Financial Instruments

The Corporation groups assets and financial liabilities measured at fair value on a recurring basis in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes securities that are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. For example, municipal securities valuations are based on markets that are currently offering similar financial products. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Below is a table that presents information about certain assets measured at fair value on a recurring basis:

	Fair Value Measurements at Reporting Date Using:			
		Quoted Prices In Active Markets for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
	Fair Value	Level 1	Level 2	Level 3
As of June 30, 2019				
Investments:				
State and Municipal Bonds	\$1,350,333	\$ -	\$1,350,333	\$ -
U.S. Agency Bond	998,970	998,970	-	-
U.S. Treasury Bond	998,860	998,860	-	-
	<u>\$3,348,163</u>	<u>\$1,997,830</u>	<u>\$1,350,333</u>	<u>\$ -</u>

The debt securities listed above matured early in the 2020 fiscal year. There were no investments held at June 30, 2020

Note 10. Liquidity and Availability of Resources

Financial assets available for general expenditures, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of operating cash in the amount of \$449,268.

NOTES TO FINANCIAL STATEMENTS

Note 11. Subsequent Events

Subsequent events occurring after June 30, 2020 were evaluated through September 21, 2020 the date the financial statements were available to be issued. 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 business. 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, including the geographical areas in which the Corporation operates. It is unknown how long these conditions will last and what the complete financial effect will be on the Corporation. Additionally, it is reasonable possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

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SUPPLEMENTARY INFORMATION

RAGIN' CAJUN FACILITIES, INC.
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
Year Ended June 30, 2020

Agency Head: David K. Fontenot, Chairman of the Board

There are no transactions to report under this section.

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

To the Board of Directors
Ragin' Cajun Facilities, Inc.
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of Ragin' Cajun Facilities, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ragin' Cajun Facilities, Inc.'s internal control over financial reporting (internal control) to determine the 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 Ragin' Cajun Facilities, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Ragin' Cajun Facilities, Inc.'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 purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Brissard Foster LLP". The signature is written in a cursive style with a large, stylized initial "B".

Lafayette, Louisiana
September 21, 2020

RAGIN' CAJUN FACILITIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

We have audited the financial statements of Ragin' Cajun Facilities, Inc. as of and for the year ended June 30, 2020, and have issued our report thereon dated September 21, 2020. We conducted our audit 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. Our audit of the financial statements as of June 30, 2020 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant Deficiencies	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Compliance

Compliance Material to Financial Statements	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Section II - Financial Statement Findings

There were no current year findings reported.

RAGIN' CAJUN FACILITIES, INC.

SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2020

Section I. Internal Control and Compliance Material to the Financial Statements

Not applicable.

Section II. Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Management of
Ragin' Cajun Facilities, Inc.
Lafayette, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Ragin' Cajun Facilities, Inc. (the "Corporation") on the examination of certain records and documentation of the Corporation for the period of July 1, 2019 – June 30, 2020 related to the specific financial records dealing specifically with assertions listed below in this letter. The Corporation's management is responsible for the organization's accounting records. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated finding are as follows:

Verified that the Corporation did not make loans to or allocate any net earnings or assets to the benefit of its directors, officers or other private persons. Any payments made to these persons were for reasonable compensation for services rendered or reimbursement for reasonable travel expenses.

No exceptions noted.

Verified that the Corporation made no political contributions nor reimbursed any employee for politically-related expenses that would violate IRS guidelines for 501(c)(3) organizations. Accordingly the Corporation did not provide funds to or on behalf of university's employees to endorse political parties or candidates, attend political fund-raisers, participate in lobbying activities, etc.

No exceptions noted.

Verified that the Corporation preserved, in accordance with donor intent, the principal of any endowments, and disbursements from the expendable portion of those funds were made in accordance with donor intent and to eligible recipients or for eligible purposes.

No exceptions noted.

Verified that donations were properly recorded in the accounting records in accordance with donor intent. (i.e. unrestricted vs. restricted funds/endowments).

No exceptions noted

Verified that the Corporation did not deposit or hold public funds at any time during the period under audit, except for project funds held in accordance with a cooperative endeavor agreement.

No exceptions noted.

Verified that all contracts between the Corporation and any member of its Board of Directors, any member of the UL System Board of Supervisors, an UL System employee, or any university employee have been individually disclosed in the notes to the financial statements, regardless of the significance of the contract payments to total expenses. The applicable related statements, and the maximum amount of the contract.

There were no indications of contracts between the Corporation and any member of its Board of Directors, any member of the UL System Board of Supervisors, an UL System employee, or any university employee.

Verified that funds for supplemental compensations and /or benefits for a UL System or University employee were paid the System Office or University for disbursement to the employee; no supplemental payments were made directly to an employee unless specifically approved by the Board Office or University.

There were no supplemental compensation and/or benefits made directly to University employees.

Verified that on a quarterly basis, the Corporation, reported to the University all single payments of \$1,000 or more made to or on behalf of any individual university employee.

There were no supplemental compensation and/or benefits made directly to University employees.

Verified that disbursements of less than \$1,000 made to or on behalf of University employees are in compliance with the recommended policies contained in the UL System's sample Affiliation Agreement, "Affiliate Funding and Administrations", Section 4 (attachment 1 of UL System Policy Number FB-IV (4)(a)).

There were no disbursements of less than \$1,000 made to or on behalf of University employees.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the specified elements. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Corporation and the University of Louisiana at Lafayette and should not be used by anyone other these specified parties.



Lafayette, Louisiana
September 21, 2020