

LSU HEALTH SCIENCES FOUNDATION
IN SHREVEPORT AND SUBSIDIARY
SHREVEPORT, LOUISIANA
JUNE 30, 2021 AND 2020

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARY

SHREVEPORT, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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August 26, 2021

The Board of Directors
LSU Health Sciences Foundation in Shreveport
Shreveport, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of LSU Health Sciences Foundation in Shreveport and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of LSU Health Sciences Foundation in Shreveport and Subsidiary as of June 30, 2021 and 2020, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2021, on our consideration of LSU Health Sciences Foundation in Shreveport and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of 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 LSU Health Sciences Foundation and Subsidiary's internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash	2,367,115	2,963,692
Accounts receivable	190,274	160,796
Contributions receivable-Note 3	29,934,532	7,884,044
Investments-pools-Note 4	89,158,870	74,491,985
Investments-CFeist Legacy-Note 5	105,752,171	82,761,487
Investments-MFeist Legacy-Note 6	66,089,051	57,849,792
Investments-LSU Health Shreveport-endowments-Note 6	12,489,020	9,200,369
Investments-other	180,227	175,098
Investment in real estate, property and equipment-Note 8	3,927,194	3,465,921
Other assets	<u>23,920</u>	<u>23,664</u>
Total assets	<u>310,112,374</u>	<u>238,976,848</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities:</u>		
Accounts payable	1,884,598	1,102,535
Other payables	102,718	103,919
Due to LSU Health Shreveport-BOR match-Note 9	13,074,754	10,616,455
Due to LSU Health Shreveport-MFeist Legacy-Note 6	66,089,051	57,849,792
Due to LSU Health Shreveport-endowments-Note 6	<u>12,489,020</u>	<u>9,200,369</u>
Total liabilities	93,640,141	78,873,070
 <u>Net assets:</u>		
Without donor restrictions:		
Designated by Board for specific purpose	3,688,744	3,748,342
Designated by Board for operating reserve	1,021,351	1,018,689
Invested in real estate, property and equipment, net	3,927,194	3,465,921
Undesignated	<u>16,487,185</u>	<u>13,730,317</u>
Total without donor restrictions	25,124,474	21,963,269
With donor restrictions:		
Restricted for specified purpose	44,557,417	22,487,238
Restricted in perpetuity-endowment	23,969,095	18,981,697
Restricted for specific purpose and designated by Board for endowment	<u>122,821,247</u>	<u>96,671,574</u>
Total with donor restrictions	<u>191,347,759</u>	<u>138,140,509</u>
Total net assets	<u>216,472,233</u>	<u>160,103,778</u>
Total liabilities and net assets	<u>310,112,374</u>	<u>238,976,848</u>

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

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Support, revenues and gains:</u>			
Contributions	161,440	34,340,390	34,501,830
Net investment income	3,220,647	35,007,290	38,227,937
Management fee income	800,072	-	800,072
Rental income	17,600	-	17,600
Total support, revenues and gains	4,199,759	69,347,680	73,547,439
Net assets released from restrictions	16,140,430	(16,140,430)	-
<u>Total support, revenue, gains and reclassifications</u>	20,340,189	53,207,250	73,547,439
<u>Expenses</u>			
Management and general	792,464	-	792,464
Fundraising and development	1,077,761	-	1,077,761
Program services:			
Feist-Weiller Cancer Center	2,793,532	-	2,793,532
Other departments	12,515,227	-	12,515,227
Total support to LSU Health Sciences Center	15,308,759	-	15,308,759
Total expenses	17,178,984	-	17,178,984
<u>Change in net assets</u>	3,161,205	53,207,250	56,368,455
<u>Net assets at beginning of period</u>	21,963,269	138,140,509	160,103,778
<u>Net assets at end of period</u>	25,124,474	191,347,759	216,472,233

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

2020		
<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
237,067	8,430,955	8,668,022
1,108,731	5,260,760	6,369,491
700,670	-	700,670
18,420	-	18,420
<u>2,064,888</u>	<u>13,691,715</u>	<u>15,756,603</u>
<u>6,153,897</u>	<u>(6,153,897)</u>	<u>-</u>
8,218,785	7,537,818	15,756,603
745,255	-	745,255
1,107,045	-	1,107,045
2,727,688	-	2,727,688
<u>2,058,249</u>	<u>-</u>	<u>2,058,249</u>
<u>4,785,937</u>	<u>-</u>	<u>4,785,937</u>
<u>6,638,237</u>	<u>-</u>	<u>6,638,237</u>
1,580,548	7,537,818	9,118,366
<u>20,382,721</u>	<u>130,602,691</u>	<u>150,985,412</u>
<u>21,963,269</u>	<u>138,140,509</u>	<u>160,103,778</u>

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>				
	<u>Feist-Weiller Cancer Center</u>	<u>Other Departments</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salary expense	-	-	393,220	539,619	932,839
Payroll taxes	-	-	28,511	39,142	67,653
Employee benefit expense	-	-	38,427	53,065	91,492
Professional services	11,035	262,931	102,342	84,224	460,532
Insurance	-	-	58,692	-	58,692
Depreciation	-	-	57,361	-	57,361
Office supplies	-	-	8,326	11,496	19,822
Maintenance agreements	-	-	18,815	12,543	31,358
Rent	-	-	27,182	37,537	64,719
Capital Projects	-	10,778,787	-	-	10,778,787
Repairs and maintenance	-	-	27,362	-	27,362
Travel	-	54,988	959	1,325	57,272
Advertising and promotional expenses	-	155,229	-	5,232	160,461
Printing	-	3,047	-	37,518	40,565
Recruiting	7,380	50,939	-	-	58,319
Awards and scholarships	649	108,498	-	-	109,147
Professional development	-	-	-	130	130
Books, supplies, and equipment	-	588,869	-	-	588,869
Dues and licenses	-	59,893	4,128	4,127	68,148
Fundraising events	-	-	-	224,664	224,664
Research	2,762,931	233,317	-	-	2,996,248
Meeting and lecture expense	11,509	212,297	-	-	223,806
Other	28	6,432	27,139	27,139	60,738
	<u>2,793,532</u>	<u>12,515,227</u>	<u>792,464</u>	<u>1,077,761</u>	<u>17,178,984</u>
Total expenses	<u>2,793,532</u>	<u>12,515,227</u>	<u>792,464</u>	<u>1,077,761</u>	<u>17,178,984</u>

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

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>				
	<u>Feist-Weiller Cancer Center</u>	<u>Other Departments</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salary expense	-	-	386,175	519,567	905,742
Payroll taxes	-	-	27,924	37,005	64,929
Employee benefit expense	-	-	40,818	54,108	94,926
Professional services	14,291	421,703	78,009	69,161	583,164
Insurance	-	-	53,461	-	53,461
Depreciation	-	-	57,361	-	57,361
Office supplies	-	-	4,207	5,577	9,784
Maintenance agreements	-	-	18,463	12,308	30,771
Rent	-	-	28,563	37,863	66,426
Capital Projects	-	-	-	-	-
Repairs and maintenance	-	-	18,885	-	18,885
Travel	5,230	186,428	877	7,889	200,424
Advertising and promotional expenses	625	128,705	-	12,172	141,502
Printing	-	5,928	-	43,620	49,548
Recruiting	177,144	19,883	-	-	197,027
Awards and scholarships	177	61,381	-	-	61,558
Professional development	-	-	1,705	15,344	17,049
Books, supplies, and equipment	1,364	522,283	-	-	523,647
Dues and licenses	625	87,176	4,910	4,910	97,621
Fundraising events	-	-	-	263,623	263,623
Research	2,504,858	255,915	-	-	2,760,773
Meeting and lecture expense	20,200	360,840	-	-	381,040
Other	3,174	8,007	23,897	23,898	58,976
	<u>2,727,688</u>	<u>2,058,249</u>	<u>745,255</u>	<u>1,107,045</u>	<u>6,638,237</u>
Total expenses					

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

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	56,368,455	9,118,366
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	57,361	57,361
Net realized and unrealized (gain) on long-term investments	(34,721,692)	(1,554,008)
(Increase) decrease in accounts receivable	(29,478)	770
(Increase) in contributions receivable	(22,050,488)	(4,807,864)
(Increase) in other assets	(256)	(184)
(Decrease) increase in accounts payable	782,063	(10,891)
(Decrease) increase in other payable	(1,201)	4,540
Net cash provided by operating activities	404,764	2,808,090
<u>Cash flows from investing activities:</u>		
Purchase of real estate	(518,634)	(343,172)
Purchases of investments	(18,113,940)	(10,552,175)
Proceeds from sale and maturities of investments	15,172,934	8,363,129
Increase in due to LSU Health Shreveport-BOR match	2,458,299	604,433
Net cash (used) by investing activities	(1,001,341)	(1,927,785)
<u>Net increase (decrease) in cash</u>	(596,577)	880,305
<u>Cash at beginning of period</u>	2,963,692	2,083,387
<u>Cash at end of period</u>	2,367,115	2,963,692

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

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. Nature of Business

The consolidated financial statements include the LSU Health Sciences Foundation in Shreveport and its wholly-owned subsidiary – the LSU Health Sciences Building Foundation in Shreveport (“Building Foundation”). All significant intercompany accounts and transactions have been eliminated in consolidation.

The LSU Health Sciences Foundation in Shreveport (the “Foundation”) is a public, nonprofit corporation formed in 1997 and governed by a board of directors. The Foundation’s goal is to support, enhance, and assist the LSU Health Sciences Center Shreveport (the “Center”) in its many endeavors by expanding the public’s awareness of the Center’s many contributions to medical research, education of medical professionals, and quality health care, to develop and enhance financial support for the Center, and provide the means through which financial support is received and administered. The Building Foundation is a public, nonprofit corporation formed in 2003 to hold real estate donated to or purchased by the Foundation.

2. Summary of Significant Accounting Policies

- a. Financial Statement Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The financial Accounting Standards Board (“FASB”) has established the Accounting Standards Codification (“ASC”) as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for specific purpose and operations. The Foundation’s policy is to designate unrestricted donor gifts at the discretion of the Board of Directors. Net assets without donor restriction also include the investment in property and equipment net of accumulated depreciation.

Net Assets With Donor Restrictions – Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. The Foundation may report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the support is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

2. Summary of Significant Accounting Policies (Continued)

- b. Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or unconditional promises to give are received. We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.
- c. The costs of program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the program services, management and general, and fundraising expenses.
- d. 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 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.
- e. For purposes of the statement of cash flows, cash includes amounts on hand and amounts on deposit at financial institutions which are not held within the investment portfolios. The Foundation, at times, may have deposits in excess of FDIC insured limits. Management believes the credit risk associated with these deposits is minimal.
- f. The LSU Health Sciences Foundation in Shreveport and the LSU Health Science Building Foundation in Shreveport qualify as tax-exempt entities under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the consolidated financial statements, but the Foundation and Building Foundation are required to file an annual information return. The Foundation and Building Foundation are also required to review various tax positions they have taken with respect to their exempt status and determine whether in fact they are tax exempt entities. The Foundation and Building Foundation must also consider whether they have nexus in jurisdictions in which they have income and whether a tax return is required in those jurisdictions. In addition, as tax exempt entities, the Foundation and Building Foundation must assess whether they have any tax positions associated with unrelated business income subject to income tax. The Foundation and Building Foundation do not expect their 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 and Building Foundation's accounting records.

The Foundation and Building Foundation file U.S. federal Form 990 for informational purposes. The Foundation's and Building Foundation's federal income tax returns for the tax years 2017 and beyond remain subject to examination by the Internal Revenue Service.

- g. 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 reported at carrying amounts which reasonably estimate fair value.

2. Summary of Significant Accounting Policies (Continued)

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. Increases and decreases in market value are recognized in the periods in which they occur. Upon disposition, the average price of investments is used to compute the realized gain or loss to be recognized. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Cost and market values are disclosed in Notes 4 and 5.

- h. Equipment and furniture are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of three to seven years.
- i. Investments in real estate are stated at cost if purchased, and at fair market value at date of donation, if donated, less accumulated depreciation on any improvements. Depreciation of improvements is calculated using the straight-line method over an estimated useful life of fifteen years.
- j. The Foundation's financial instruments, excluding investments which are recorded at estimated fair value, include cash and contributions receivable. The Foundation estimates that the fair values of these financial instruments at June 30, 2021 and 2020 do not differ materially from the aggregate carrying values of these financial instruments recorded in the accompanying financial statements.
- k. In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 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. Lessees will no longer be provided with a source of off-balance sheet financing.

ASU 2016-02 will be effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 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.

- l. Certain amounts from prior year have been reclassified to conform to current year presentation.

3. **Contributions Receivable**

Contributions receivable is summarized as follows as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Contributions receivable expected to be collected in:		
Less than one year	7,624,444	2,527,120
One year to five years	23,478,925	4,707,022
More than five years	-	1,012,667
Contributions receivable	<u>31,103,369</u>	<u>8,246,809</u>
Discount on contributions receivable	<u>(1,168,837)</u>	<u>(362,765)</u>
Net contributions receivable	<u>29,934,532</u>	<u>7,884,044</u>

The Foundation is raising funds in support of construction of The Center for Medical Education and Wellness at LSU Health Sciences Center Shreveport. The Center is a \$74 million public-private project. Funding from federal, state, and local governments will be combined with grants and private funds to build the facility. Contributions receivable for this capital project are \$12,003,236 at June 30, 2021.

The Foundation entered into an agreement in November 2020 to receive contributions to fund academic and research activities in support of the teaching and research missions of LSU Health Sciences Center Shreveport for \$22 million. Payments are to be received in yearly increments thru December 31, 2024. Contributions receivable are \$19 million at June 30, 2021.

Additional pledges of \$100,133 were outstanding at June 30, 2021. Pledges receivable have been discounted at 2%. At June 30, 2021 and 2020, 96% and 91%, respectively of contributions receivable were concentrated within two donors.

4. **Investments-Pools**

Investments-pools consisted primarily of Vanguard mutual funds.

	<u>2021</u>		<u>2020</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Unrestricted Pool				
Fixed income:				
Investment grade mutual funds	<u>2,733,715</u>	<u>2,670,965</u>	<u>2,684,177</u>	<u>2,522,009</u>
Total fixed income	<u>2,733,715</u>	<u>2,670,965</u>	<u>2,684,177</u>	<u>2,522,009</u>
Equity:				
Domestic mutual funds	3,777,293	2,354,811	4,367,795	3,356,301
International mutual funds	<u>2,415,876</u>	<u>1,774,995</u>	<u>2,834,888</u>	<u>2,623,626</u>
Total equity	<u>6,193,169</u>	<u>4,129,806</u>	<u>7,202,683</u>	<u>5,979,927</u>
Total Unrestricted Pool	<u>8,926,884</u>	<u>6,800,771</u>	<u>9,886,860</u>	<u>8,501,936</u>
Nonendowed Pool				
Cash and cash equivalents	6,792,749	6,792,749	5,513,378	5,513,378
Fixed income:				
Investment grade mutual funds	<u>20,142,874</u>	<u>19,906,233</u>	<u>16,568,276</u>	<u>16,160,667</u>
Total fixed income	<u>20,142,874</u>	<u>19,906,233</u>	<u>16,568,276</u>	<u>16,160,667</u>
Alternatives:				
Other	<u>637,491</u>	<u>1,000,000</u>	<u>279,542</u>	<u>500,000</u>
Total alternatives	<u>637,491</u>	<u>1,000,000</u>	<u>279,542</u>	<u>500,000</u>
Total Nonendowed Pool	<u>27,573,114</u>	<u>27,698,982</u>	<u>22,361,196</u>	<u>22,174,045</u>

4. **Investments-Pools** (Continued)

	<u>2021</u>		<u>2020</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
<u>General/Feist Endowed Pool</u>				
Cash and cash equivalents	2,440	2,440	46,899	46,899
Fixed Income:				
Investment grade mutual funds	<u>7,540,397</u>	<u>7,343,745</u>	<u>5,243,724</u>	<u>4,911,574</u>
Total fixed income	<u>7,540,397</u>	<u>7,343,745</u>	<u>5,243,724</u>	<u>4,911,574</u>
Equity:				
Domestic mutual funds	10,211,350	5,671,287	8,526,909	6,443,892
International mutual funds	<u>6,513,233</u>	<u>4,496,652</u>	<u>5,544,507</u>	<u>5,123,104</u>
Total equity	<u>16,724,583</u>	<u>10,167,939</u>	<u>14,071,416</u>	<u>11,566,996</u>
Total General/Feist Endowed Pool	<u>24,267,420</u>	<u>17,514,124</u>	<u>19,362,039</u>	<u>16,525,469</u>
<u>Future Endowment Pool</u>				
Cash and cash equivalents	<u>558,756</u>	<u>558,756</u>	<u>386,354</u>	<u>386,354</u>
Total Future Endowment Pool	<u>558,756</u>	<u>558,756</u>	<u>386,354</u>	<u>386,354</u>
<u>BRSF Pool</u>				
Cash and cash equivalents	3,986	3,986	401,245	401,246
Fixed income:				
Investment grade mutual funds	<u>8,647,657</u>	<u>8,424,692</u>	<u>5,996,283</u>	<u>5,617,570</u>
Total fixed income	<u>8,647,657</u>	<u>8,424,692</u>	<u>5,996,283</u>	<u>5,617,570</u>
Equity:				
Domestic mutual funds	11,711,276	6,430,604	9,765,468	7,289,453
International mutual funds	<u>7,469,777</u>	<u>5,124,647</u>	<u>6,332,540</u>	<u>5,809,109</u>
Total equity	<u>19,181,053</u>	<u>11,555,251</u>	<u>16,098,008</u>	<u>13,098,562</u>
Total BRSF Pool	<u>27,832,696</u>	<u>19,983,929</u>	<u>22,495,536</u>	<u>19,117,378</u>
Total investments-pool	<u>89,158,870</u>	<u>72,556,562</u>	<u>74,491,985</u>	<u>66,705,182</u>

5. **CFeist Legacy**

Carroll W. Feist died on July 29, 2005. His will and codicils created ambiguities with respect to the identity of the universal legatee. The proper universal legatee was either Louisiana State University or the LSU Health Sciences Foundation in Shreveport. The parties compromised and agreed that Mr. Feist's Will should be interpreted so that the universal legatee is the Foundation. The parties entered into a written agreement whereby the management details of the legacy from Mr. Feist were outlined.

The bequest will be used for cancer research at the LSU Health Sciences Center, Shreveport, Louisiana. After appropriate approvals, the Foundation may spend income of the Feist account up to a maximum in any one fiscal year of \$1,000,000. Principal may also be spent after appropriate approvals have been obtained. Such approvals were required in 2021 and 2020.

5. CFeist Legacy (Continued)

Distributions received from the Succession and recorded as contributions since inception are as follows:

Year Ended June 30,	<u>Income</u>	<u>Principal</u>	<u>Total Distributions</u>
2006 thru 2019	16,750,247	40,143,710	56,893,957
2020	500,586	224,414	725,000
2021	282,294	1,241,354	1,523,648
	<u>17,533,127</u>	<u>41,609,478</u>	<u>59,142,605</u>

CFeist Legacy funds are primarily invested in Vanguard mutual funds.

Investments-CFeist Legacy are presented below with their respective market values and costs as of June 30, 2021 and 2020.

	<u>2021</u>		<u>2020</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Fixed income:				
Investment grade mutual funds	<u>27,956,414</u>	<u>27,140,001</u>	<u>22,606,013</u>	<u>21,184,872</u>
Total fixed income	<u>27,956,414</u>	<u>27,140,001</u>	<u>22,606,013</u>	<u>21,184,872</u>
Equities:				
Domestic mutual funds	<u>48,161,192</u>	<u>26,621,953</u>	<u>36,396,808</u>	<u>27,241,068</u>
International mutual funds	<u>29,634,565</u>	<u>20,516,944</u>	<u>23,758,666</u>	<u>21,975,851</u>
Total equities	<u>77,795,757</u>	<u>47,138,897</u>	<u>60,155,474</u>	<u>49,216,919</u>
Total investments-CFeist Legacy	<u>105,752,171</u>	<u>74,278,898</u>	<u>82,761,487</u>	<u>70,401,791</u>

Following is a summary of the transactions of the CFeist Legacy for the years ended June 30, 2021 and 2020. All of the activity is reflected in the Foundation's accompanying consolidated financial statements as of and for the years ended June 30, 2021 and 2020.

	<u>2021</u>		<u>2020</u>	
	<u>Income</u>	<u>Principal</u>	<u>Total Market Value</u>	<u>Total Market Value</u>
Net asset balances at beginning of year	13,324,849	69,140,194	82,465,043	81,770,748
Activity during the year:				
Distributions from Succession	282,294	1,241,354	1,523,648	725,000
Net investment income	3,518,741	21,621,917	25,140,658	3,918,963
Management fees	(717,212)	(717,212)	(1,434,424)	(1,216,596)
Other expenses	(35,507)	-	(35,507)	(33,072)
Transfer to spending account	<u>(2,600,000)</u>	<u>-</u>	<u>(2,600,000)</u>	<u>(2,700,000)</u>
Net asset balances at end of year	<u>13,773,165</u>	<u>91,286,253</u>	<u>105,059,418</u>	<u>82,465,043</u>

5. **CFeist Legacy** (Continued)

	<u>2021</u>	<u>2020</u>
Consists of:		
Above investments	105,752,171	82,761,487
Management fees and other payable	<u>(692,753)</u>	<u>(296,444)</u>
Total net assets at end of year	<u>105,059,418</u>	<u>82,465,043</u>

6. **Agency Investments**

In 1986, the LSU Board of Supervisors received a substantial monetary bequest from Malcolm W. Feist, who specified in his testament that the bequest was to be used for the benefit of LSU Health Sciences Center at Shreveport. An agreement was executed on May 9, 2012 between the LSU Board of Supervisors and the Foundation authorizing the Foundation to provide management and investment services for these funds, in return for which the Foundation is entitled to a monthly management fee. The agreement was effective July 1, 2012. The agreement specifies that MFeist Legacy funds will remain state funds owned by the Board of Supervisors. The funds will be used for purposes consistent with the donor's express intent and deemed appropriate by the Chancellor of LSU Health Sciences Center at Shreveport; the Chancellor's approval is required for withdrawal. On January 1, 2013, another agreement was executed between the LSU Board of Supervisors and the Foundation authorizing the Foundation to provide management and investment services for certain other LSU Health Science Center at Shreveport endowments. These funds remain state owned, thereby the Foundation acts as an agent as described in the provisions of FASB ASC 958, and records an asset and liability for the amounts transferred.

Agency investments consist of Vanguard mutual funds. Fair values of all agency investments measured on a recurring basis at June 30, 2021 and 2020 were classified as Level 1 valuations. Agency investments are presented below with their respective market values and cost as of June 30, 2021 and 2020.

	<u>2021</u>		<u>2020</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Fixed income:				
Investment grade mutual funds	<u>50,004,847</u>	<u>48,493,157</u>	<u>42,350,453</u>	<u>39,460,277</u>
Total fixed income	50,004,847	48,493,157	42,350,453	39,460,277
Equities:				
Domestic mutual funds	17,948,619	8,978,515	15,494,612	10,836,488
International mutual funds	<u>10,624,605</u>	<u>7,923,726</u>	<u>9,205,096</u>	<u>9,459,904</u>
Total equities	<u>28,573,224</u>	<u>16,902,241</u>	<u>24,699,708</u>	<u>20,296,392</u>
Total investments-agency	<u>78,578,071</u>	<u>65,395,398</u>	<u>67,050,161</u>	<u>59,756,669</u>

6. Agency Investments (Continued)

Agency investments are comprised of the following state funds:

	<u>2021</u>	<u>2020</u>
MFeist Legacy	66,089,051	57,849,792
LSU Health Endowments	<u>12,489,020</u>	<u>9,200,369</u>
	<u>78,578,071</u>	<u>67,050,161</u>

7. Fair Value Measurements

FASB Accounting Standards Codification Topic 820, "Fair Value Measurements" 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.

Investments below consist of Investment – Pools and Investments – CFeist Legacy.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2021 and 2020 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
June 30, 2021:				
Cash and cash equivalents	7,357,931	-	-	7,357,931
Fixed income:				
Investment grade mutual funds	67,021,056	-	-	67,021,056
Inflation protected mutual funds	-	-	-	-
Total fixed income	<u>67,021,056</u>	-	-	<u>67,021,056</u>
Equities:				
Domestic mutual funds	73,861,111	-	-	73,861,111
International mutual funds	<u>46,033,452</u>	-	-	<u>46,033,452</u>
Total equities	<u>119,894,563</u>	-	-	<u>119,894,563</u>
Alternatives:				
Other	-	-	<u>637,491</u>	<u>637,491</u>
Total investments	<u>194,273,550</u>	<u>-</u>	<u>637,491</u>	<u>194,911,041</u>

7. Fair Value Measurements (Continued)

June 30, 2020:				
Cash and cash equivalents	6,347,876	-	-	6,347,876
Fixed income:				
Investment grade mutual funds	53,098,473	-	-	53,098,473
Inflation protected mutual funds	-	-	-	-
Total fixed income	<u>53,098,473</u>	<u>-</u>	<u>-</u>	<u>53,098,473</u>
Equities:				
Domestic mutual funds	59,056,980	-	-	59,056,980
International mutual funds	<u>38,470,601</u>	<u>-</u>	<u>-</u>	<u>38,470,601</u>
Total equities	<u>97,527,581</u>	<u>-</u>	<u>-</u>	<u>97,527,581</u>
Alternatives:				
Other	-	-	279,542	279,542
Total investments	<u>156,973,930</u>	<u>-</u>	<u>279,542</u>	<u>157,253,472</u>

Investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Other</u>
Balance-June 30, 2020	279,542
Purchases, issuances, and settlements	500,000
Net investment income	<u>(142,051)</u>
Balance-June 30, 2021	<u>637,491</u>

The investments measured at fair value based on net asset value (NAVs) per share as of June 30, 2021 include \$4,000,000 of unfunded commitments. These funds are in a partnership structure with no ability to redeem unless approved by the general partner.

8. Investment in Real Estate

During the fiscal year ended June 30, 2002, the Foundation began purchasing property adjacent to and near the LSU Health Sciences Center Shreveport. Property held is for the ultimate benefit of the Center. On occasion, the Foundation has also received donations of property.

	<u>2021</u>	<u>2020</u>
Equipment	83,799	83,799
Intermodal transit facility	1,609,160	1,609,160
Investment in real estate	<u>3,011,143</u>	<u>2,492,508</u>
	4,704,102	4,185,467
Accumulated depreciation	<u>(776,908)</u>	<u>(719,547)</u>
	<u>3,927,194</u>	<u>3,465,920</u>

9. Due to LSU Health Shreveport-BOR Match

The amount due to LSU Health Sciences Center Shreveport-BOR match represents the Louisiana Board of Regents state match for the following chairs and professorships, which are being held and invested for the Center by the LSU Health Sciences Foundation in Shreveport. The liability consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
John C. McDonald, M.D. Chair in Surgery	968,887	792,265
Jack W. Pou, M.D. Chair in Otolaryngology	928,144	785,612
Albert Sklar Professorship in Surgery	98,308	80,870
E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology	1,102,878	926,494
Mary Louise and Ben Levy Professorship in Neurosurgery	88,647	71,875
Paul R. Winder, M.D. Professorship in Dermatology	113,637	95,030
H. Whitney Boggs, Jr., M.D. Professorship of Colon and Rectal Surgery	92,399	75,923
Muslow Chair in Academic Affairs	870,904	713,309
Albert G. and Harriet G. Smith Professorship in Pathology	91,404	74,171
Randy Bryn, M.D. Professorship in Pulmonology	84,864	67,417
W. R. Matthews, M.D. Professorship in Pathology	87,465	70,341
YK Reddy Professorship in Allergy and Immunology	92,079	74,335
Albertson's Distinguished Professorship in Allied Health Sciences	86,821	70,879
Robert E. Wolf, M.D. Professorship in Rheumatology	82,624	67,225
Donald Mack, M.D. Professorship in Pediatric Oncology	94,027	77,447
Donald and Kathryn R. Smith Endowed Chair in Spinal Treatment	787,177	654,307
Burdette E. Trichel, M.D. Professorship in Urology	79,324	62,750
Charles D. Knight, Sr. Professorship in General Surgery	77,402	60,838
J. Woodfin Wilson, M.D. Professorship in Internal Medicine	79,845	63,294
Eugene St. Martin Professorship in Urology	90,527	73,161
Nathan Professorship in Head & Neck Surgery	91,135	74,693
George Khoury & Donald Mack, M.D. Professorship in Pediatric Oncology	84,080	68,516
Joe E. Holoubek Professorship in Medicine	89,630	73,139
Thomas Norris, M.D. Professorship in Orthopedic Resident Support	83,933	68,989
E. Earle Dilworth, M.D. Professorship in OB/GYN Excellence	82,985	67,565
Mrunalini Shah and Bipin, M. D. Professorship in Anesthesiology Education	82,547	67,121
Alice Coleman Endowed Professorship in Pediatric Rheumatology	29,697	23,641
James A. Ardoin, M.D. Professorship in OB/GYN	79,438	64,578
Brad and Kay McPherson Professorship in Child Psychiatry	80,387	64,987
Khoury-Mack Professorship #3 St. Jude	84,703	69,088
Selber-Levin Professorship in Endocrinology	83,257	67,508
Juneau Chair in Transplantation Surgery	992,006	814,584
Stafford and Marianne Comegys Professorship in Medical Library Science	82,560	65,060
Mary Louise and Jack R. Cassingham Professorship in Forensic Pathology	74,018	59,880
Edward and Freda Green Professorship in Oral and Maxillofacial Surgery	76,183	62,529
Edward and Freda Green Professorship in Surgical Oncology	62,954	49,445
Scott and Larene Woodard Professorship in Neurosurgery	183,768	146,115

9. Due to LSU Health Shreveport-BOR Match (Continued)

	<u>2021</u>	<u>2020</u>
Dr. George and Sandra Bakowski Foundation Professorship in Aero-Digestive Malignancies	79,182	63,934
Brad and Kay McPherson Professorship	64,441	51,146
Drs. Diana and John Herbst Professorship in Pediatric Gastroenterology	70,350	70,627
Carroll W. Feist Chair for the Study of Cancer	1,679,686	1,326,805
Nancy Jane Sentell Seale Professorship in Cancer Palliative Care	102,050	82,120
Edna Boatright Sherling Professorship in Cancer Care	66,697	53,194
Dr. Ming Yu Ding Memorial Professorship in Microbiology	81,502	66,197
Archibald Bell Nelson Professorship in Orthopedics	140,848	118,544
Joanna Gunning Magale Professorship in Neurology	83,669	66,720
Jack W. Gamble, M.D. Chair in Oral/Maxillofacial Surgery	943,765	784,027
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Faculty Enhancement	401,067	323,538
Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Resident Enhancement	367,129	288,252
Charles Richard Parks Professorship in Neurological Rehab	57,801	45,415
Sandra and Jerry Martin Endowed Scholarship for Medical Students	49,022	42,636
Sandra and Jerry Martin Endowed Scholarship for Medical Students #2	51,842	40,000
Sandra and Jerry Martin Endowed Scholarship for Medical Students #3	40,000	-
Dudley R. Ison, DDS Endowed Prof. in Oral & Maxillofacial Surgery	59,224	46,013
Clarence H. Webb, MD Endowed Professorship in Pediatrics	59,224	46,013
Medical Center Clinics Endowed Professorship in Radiology	59,224	46,013
Charles G. Hargon Jr. Memorial Scholarship for Medical Students	53,614	48,447
Tilakram and Bhagwanti Devi Distinguished Professorship in Cleft Lip and Palate Surgery and Training	27,184	21,227
O'Callaghan Family Endowed Professorship in Microbiology	26,572	20,606
Tommy Brown, MD Memorial Scholarship for Medical Students	52,120	40,000
Johnson Family Endowed Scholarship	51,523	40,000
Cole Endowed Professorship for Community Health	26,374	20,000
Margaret Shehee Cole Endowed Scholarship for Inclusion, Diversity, & Excellence in Academics in the School of Allied Health	<u>40,000</u>	<u>-</u>
	<u>13,074,754</u>	<u>10,616,455</u>

10. 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.

Certain endowed funds are provided by the State of Louisiana as a match to qualifying private endowed contributions and are managed under agreement with the Center for the Center'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.

10. 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 spending rate approved by the Board for the fiscal years ended June 30, 2021 and 2020 was four percent.

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 Louisiana Board of Regents spending policy 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.

The Foundation classifies as endowment restricted in perpetuity the original value of gifts donated for permanent endowment, any subsequent gifts to such endowments, and accumulations subsequently made at the direction of the applicable donor instrument.

Endowment funds net asset composition as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Endowment net assets balances beginning of year	115,653,271	114,766,090
Contributions	1,729,310	1,121,251
Net investment income	35,108,328	5,457,536
Administrative expenses	(1,920,355)	(1,649,757)
Transfers for spending	<u>(3,780,212)</u>	<u>(4,041,849)</u>
Endowment net assets balances end of year	<u>146,790,342</u>	<u>115,653,271</u>

11. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefit expense, office supplies, maintenance agreements, rent, travel, professional development, dues, and licenses, and other, all of which are allocated on the basis of estimates of time and effort or other reasonable bases.

12. Operating Leases

The Foundation leases office space under an operating lease which expires on January 3, 2022. In addition, the Foundation leases a copier/printer/scanner under an operating lease which expires on November 30, 2024. Future minimum lease requirements are as follows:

2022	40,737
2023	7,191
2024	7,191
2025	<u>3,596</u>
	<u>58,715</u>

Included in management and general and fundraising expense is \$73,307 and \$73,679 in rent and equipment rental expense for the years ended June 30, 2021 and 2020, respectively.

13. Liquidity and Availability

The Foundation maintains sufficient cash to meet current and future operating needs. At June 30, the Foundation had \$2,367,115 in cash. Of this amount, the Board of Directors has established an Operating Reserve Policy to establish guidelines for achieving an operating reserve sufficient for the Foundation to support its annual budget, ensure continued growth of current and future programs, fulfill its mission even during times of harsh economic conditions, and provide financial stability and the means for the development of its principal activity. The reserve shall be invested in highly liquid United States Treasury obligations or bank accounts and may be used only for unanticipated and unbudgeted expenses or loss of revenue. Reserves may not be accessed in the absence of a plan for their replenishment over a reasonable period of time. The operating reserve of \$1 million has been fully funded since 2011. The remaining funds in excess of the operating reserve are available for general expenditure.

In addition to these funds, the Foundation's Board of Directors has chosen to charge a management fee to all funds based on the funds' average monthly market value to cover general expenditures required to operate the Foundation. The management fee rate varies from 1% to 1.5%. Fees are assessed on a quarterly basis. Management fees of \$2,715,481 for 2021 and \$2,343,527 for 2020 were charged to specific funds. Certain management fee income and administrative fee expense is netted in the presentation of the statement of activities.

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from these funds is restricted for specific purposes and not available for general expenditure. The endowment funds are subject to annual spending rates as discussed in Notes 5 and 10. Annual spend amounts of all endowment funds are transferred into highly-liquid cash and cash equivalents to meet the annual needs for program services. The Foundation's investment policy requires a portion of the non-endowment donor-restricted funds to be maintained in highly-liquid cash equivalents as described in Note 4.

14. Board Designated Net Assets

In prior years, the Board voted and approved the establishment of specific funds upon the request of the Chancellor. At June 30, 2021 and 2020, the Foundation had \$3,688,744 and \$3,748,341 remaining in these funds.

15. Uncertainties Arising due to the Pandemic

In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, 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

15. Uncertainties Arising due to the Pandemic (Continued)

impact on the economies and financial markets of many countries, including the geographical area in which the Foundation operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Foundation, it is continuing to evaluate its investment strategies and monitor changes in revenue including investment returns as well as gift contributions.

16. Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 740 “Subsequent Events,” the Foundation evaluated events and transactions that occurred after the statement of financial position date but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements. The Foundation evaluated such events through August 26, 2021 and noted no subsequent events.

SUPPLEMENTARY INFORMATION

LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2021

Louisiana Revised Statute 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2016 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

LSU Health Sciences Foundation in Shreveport is not required to report the total compensation, reimbursements, and benefits paid to Mr. Kevin Flood, President and Chief Executive Officer during the year ended June 30, 2021, as none of those payments were made from public funds.

OTHER REPORTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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August 26, 2021

The Board of Directors
LSU Health Sciences Foundation in Shreveport
Shreveport, Louisiana

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of LSU Health Sciences Foundation in Shreveport and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered LSU Health Sciences Foundation and Subsidiary's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of LSU Health Sciences Foundation and Subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of LSU Health Sciences Foundation and Subsidiary'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 consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 second paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

LSU HEALTH SCIENCES FOUNDATION AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of LSU Health Sciences Foundation and Subsidiary.
2. No material weaknesses or significant deficiencies relating to the audit of the consolidated financial statements are reported.
3. No instances of noncompliance material to the consolidated financial statements of LSU Health Sciences Foundation and Subsidiary disclosed during the audit.
4. LSU Health Sciences Foundation and Subsidiary was not subject to a Federal Single Audit for the year ended June 30, 2021.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs

Not applicable.

LSU HEALTH SCIENCES FOUNDATION AND SUBSIDIARY

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2021

There were no prior year findings.