

**NICHOLLS STATE
UNIVERSITY FOUNDATION, INC.
THIBODAUX, LOUISIANA**

Audits of Financial Statements

June 30, 2020 and 2019



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Independent Auditor's Report

To the Board of Directors
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

We have audited the accompanying financial statements of Nicholls State University Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2020 and 2019, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter - Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of funds held in custody on pages 22 and 23 are presented for purposes of additional analysis and are 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.



A Professional Accounting Corporation

Houma, LA
May 20, 2021

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Cash and Cash Equivalents	\$ 4,413,894	\$ 2,906,831
Invested Cash	<u>3,093,584</u>	<u>1,847,332</u>
Total Cash and Cash Equivalents	7,507,478	4,754,163
Restricted Cash - Endowed		
Chairs and Professorships	1,073,614	939,686
Investments	19,445,021	22,170,778
Accrued Interest	48,309	63,481
Accounts Receivable	148,311	212,040
Promises to Give, Net	1,869,930	2,132,746
Antique Collection	<u>75,830</u>	<u>75,830</u>
Total Assets	<u>\$ 30,168,493</u>	<u>\$ 30,348,724</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 142,829	\$ 485,473
Demand Note Payable	1,066,315	1,186,205
Note Payable - Line of Credit	2,500,000	-
Funds Held in Custody		
State Funds	3,714,839	4,008,608
University Funds	<u>6,474,731</u>	<u>7,010,259</u>
Total Liabilities	<u>13,898,714</u>	<u>12,690,545</u>
Net Assets		
Without Donor Restrictions	(1,407,718)	385,381
With Donor Restrictions	<u>17,677,497</u>	<u>17,272,798</u>
Total Net Assets	<u>16,269,779</u>	<u>17,658,179</u>
Total Liabilities and Net Assets	<u>\$ 30,168,493</u>	<u>\$ 30,348,724</u>

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

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statements of Activities
For the Years Ended June 30, 2020 and 2019

	2020	2019
Changes in Net Assets Without Donor Restrictions		
Revenue		
Contributions	\$ 1,662,883	\$ 2,061,186
Investment Return, Net	(4,339)	374,916
Other Revenues	78,388	23,654
Total Revenues	1,736,932	2,459,756
Net Assets Released from Restrictions		
Satisfaction by Payment	2,124,721	1,965,514
Total Unrestricted Revenue	3,861,653	4,425,270
Expenses		
Program Services	5,365,383	3,002,059
Supporting Services	289,369	342,977
Total Expenses	5,654,752	3,345,036
Increase in Net Assets Without Donor Restrictions	(1,793,099)	1,080,234
Changes in Net Assets With Donor Restrictions		
Contributions	1,536,142	4,301,870
Investment Return, Net	(198,299)	481,620
Colonel's Brigade Support	1,158,304	1,094,507
John Folse Culinary Institute Support	33,273	58,188
Net Assets Released from Restrictions		
Restrictions Satisfied by Payment	(2,124,721)	(1,965,514)
(Decrease) Increase in Net Assets With Donor Restrictions	404,699	3,970,671
(Decrease) Increase in Net Assets	(1,388,400)	5,050,905
Net Assets, Beginning of Year	17,658,179	12,607,274
Net Assets, End of Year	\$ 16,269,779	\$ 17,658,179

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

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services					Supporting Services			
	Endowed Chairs, Professorships, and 1 st Generation Scholarships	Colonel's Brigade Support	Scholarships	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants to University	\$ 519,999	\$ 1,213,347	\$ 172,275	\$ 3,459,762	\$ 5,365,383	\$ -	\$ -	\$ -	\$ 5,365,383
Bank and Credit Card Fees	-	-	-	-	-	12,936	-	12,936	12,936
Board Discretionary Expenses	-	-	-	-	-	5,515	-	5,515	5,515
Dues, Subscriptions, and Membership	-	-	-	-	-	3,680	-	3,680	3,680
Insurance	-	-	-	-	-	3,438	-	3,438	3,438
Meals and Entertainment	-	-	-	-	-	12,518	-	12,518	12,518
Meetings and Conferences	-	-	-	-	-	9,045	-	9,045	9,045
Miscellaneous Expense	-	-	-	-	-	7,651	-	7,651	7,651
Payroll Taxes	-	-	-	-	-	6,694	-	6,694	6,694
Postage	-	-	-	-	-	646	8,465	9,111	9,111
Professional Services	-	-	-	-	-	81,235	27,930	109,165	109,165
Rent	-	-	-	-	-	1,103	-	1,103	1,103
Salaries	-	-	-	-	-	100,409	-	100,409	100,409
Supplies and Equipment	-	-	-	-	-	1,702	1,296	2,998	2,998
Travel	-	-	-	-	-	5,106	-	5,106	5,106
Total	\$ 519,999	\$ 1,213,347	\$ 172,275	\$ 3,459,762	\$ 5,365,383	\$ 251,678	\$ 37,691	\$ 289,369	\$ 5,654,752

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

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services					Supporting Services			
	Endowed Chairs, Professorships, and 1 st Generation Scholarships	Colonel's Brigade Support	Scholarships	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants to University	\$ 454,988	\$ 1,004,626	\$ 175,102	\$ 1,367,343	\$ 3,002,059	\$ -	\$ -	\$ -	\$ 3,002,059
Bank and Credit Card Fees	-	-	-	-	-	14,189	-	14,189	14,189
Board Discretionary Expenses	-	-	-	-	-	3,642	-	3,642	3,642
Dues, Subscriptions, and Membership	-	-	-	-	-	3,395	-	3,395	3,395
Insurance	-	-	-	-	-	3,954	-	3,954	3,954
Meals and Entertainment	-	-	-	-	-	34,242	-	34,242	34,242
Meetings and Conferences	-	-	-	-	-	8,185	949	9,134	9,134
Miscellaneous Expense	-	-	-	-	-	14,055	60	14,115	14,115
Payroll Taxes	-	-	-	-	-	7,416	-	7,416	7,416
Postage	-	-	-	-	-	1,196	6,125	7,321	7,321
Printing	-	-	-	-	-	-	1,124	1,124	1,124
Professional Services	-	-	-	-	-	109,194	7,000	116,194	116,194
Rent	-	-	-	-	-	1,930	-	1,930	1,930
Salaries	-	-	-	-	-	114,180	-	114,180	114,180
Supplies and Equipment	-	-	-	-	-	5,220	2,515	7,735	7,735
Travel	-	-	-	-	-	3,836	570	4,406	4,406
Total	\$ 454,988	\$ 1,004,626	\$ 175,102	\$ 1,367,343	\$ 3,002,059	\$ 324,634	\$ 18,343	\$ 342,977	\$ 3,345,036

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

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Statements of Cash Flows
For the Year Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
(Decrease) Increase in Net Assets	\$ (1,388,400)	\$ 5,050,905
Adjustments to Reconcile (Decrease) Increase in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Proceeds of Contributions Restricted for Endowment Purposes	(907,818)	(474,686)
Net (Loss) Gain from Investments	452,629	(678,707)
Noncash Contributions	-	(1,400,000)
(Increase) Decrease in:		
Accrued Interest	15,172	3,915
Accounts Receivable	63,729	(102,136)
Promises to Give	262,816	(2,132,746)
Increase (Decrease) in:		
Accounts Payable	(342,644)	372,413
Funds Held in Custody	(829,297)	188,755
Net Cash (Used in) Provided by Operating Activities	(2,673,813)	827,713
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	12,843,686	2,257,714
Purchase of Investments	(10,570,558)	(2,479,436)
Net Cash Provided by (Used in) Investing Activities	2,273,128	(221,722)
Cash Flows from Financing Activities		
Proceeds from Notes Payable	2,500,000	-
Repayment of Notes Payable	(119,890)	(113,313)
Endowment Fund Contributions	907,818	474,686
Net Cash Provided by Financing Activities	3,287,928	361,373
Net Increase in Cash, Cash Equivalents, and Restricted Cash	2,887,243	967,364
Cash, Cash Equivalents, and Restricted Cash		
Beginning of Year	5,693,849	4,726,485
End of Year	\$ 8,581,092	\$ 5,693,849
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ 120,896	\$ 54,250

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

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

The Nicholls State University Foundation, Inc. (the Foundation) was incorporated under Title 12, Section 101 et seq. of the State of Louisiana laws as a non-profit organization on June 25, 1964.

The objects and purposes of this corporation are to promote, stimulate, and improve the educational, cultural, moral, and material welfare of Nicholls State University (the University); to promote, improve and encourage closer cultural, moral, and intellectual intercourse therewith between the members of this corporation and the University; to give financial aid to needy and deserving students; to promote and encourage research and scholastic excellence among the faculty members of the University; to buy, sell, lease, erect, or otherwise acquire lands and all necessary buildings and appurtenances to further such ends, to hold, maintain and operate same, to sell, lease, or dispose thereof and generally to do all things necessary or proper to achieve such ends. This corporation is organized and shall be operated exclusively for educational, scientific, and literary purposes.

Basis of Presentation

Financial statements are presented in accordance with the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in checking accounts and other highly liquid, unrestricted investments with an initial maturity of three months or less.

Contributions

Contributions are recognized as revenues when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are recognized as revenue when the conditions are substantially met.

Promises to Give

The Foundation records 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 are included in contribution revenue in the statements of activities. The Foundation determines 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. At June 30, 2020 and 2019, no allowance was deemed necessary.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Investments

Investments primarily include equity and debt securities and alternative investments, a portion of which are without donor restriction but designated and controlled by the board, with the remainder with donor restrictions, for providing financial support to the University when needed. The Foundation records investments in accordance with the *Not-for-Profit Entities* Topic of the FASB ASC which establishes standards for the recognition of fair value of investments in certain equity and debt securities with gains and losses included in the statements of activities. Investment return, net (including realized and unrealized gains and losses on investments, interest, dividends, and expenses) is included in the change in net assets with donor restrictions if there are donor imposed restrictions on the use of the income, or without donor restrictions in the absence of such restrictions.

Funds Held in Custody

The Foundation has received various matching grants from the State of Louisiana under the Eminent Scholars Endowed Chairs, Endowed Professorships, and Endowed 1st Generation Scholarships programs which are only approved after certain levels of private funding have been raised. The Foundation must comply with certain policies, procedures, and regulations regarding the administration of these programs.

Net Assets

Net assets, revenues, 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 use in general operations and not subject to donor restrictions. Investment earnings appropriated for expenditure in accordance with the Foundation's endowment policy are included in net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to those stipulations such as completion of construction projects. Other donor-imposed restrictions are perpetual in nature (also referred to as an endowment fund), where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As restrictions are met or until released in accordance with the Foundation's spending policy, assets are reclassified to net assets without donor restrictions.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-imposed purpose has been fulfilled and/or the stipulated time period has elapsed) are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Collections

Donations of collections are recorded as support at their estimated fair value at the date of their donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

The Foundation holds an antique collection which consists of antique furniture, dinnerware, paintings, and other household items donated to the Foundation.

Functional Allocation of Expenses

Expenses are charged directly to program, management and general, or fundraising based on specific identification.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as a public charity.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Foundation believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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 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. Accordingly, actual results could differ from those estimates.

Recent Accounting Pronouncements Not Yet Adopted

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2019. The Foundation is currently in the process of implementing this standard in anticipation of adoption for the year ended June 30, 2021.

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determine whether a contribution is conditional. ASU 2016-08 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 will be effective for annual financial statements issued for fiscal years beginning after June 15, 2021, and for interim periods within fiscal years beginning after June 15, 2022. Early adoption is permitted.

Recent Accounting Pronouncements Adopted

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230)*. The update was issued to address diversity in the classification and presentation of changes in restricted cash in the statement of cash flows, and requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or cash equivalents. The Foundation implemented ASU 2016-18 for the year ended June 30, 2020. The Foundation applied the ASU retrospectively to all periods presented and has adjusted the presentation in these financial statements accordingly.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 2. Liquidity and Availability

The Foundation receives significant contributions to establish endowments that will exist in perpetuity; the investment income generated from such endowments is used to support the facilities, programs, and other activities managed by the University. Investment income from endowments also covers investment expenses incurred by the Foundation. Note 12 discusses the endowments and spending policy of the Foundation.

The Foundation manages its investments in order for the investment income generated to be available to cover investment and other expenses and cover the grant to support the facilities, programs, and other activities managed by the University.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheets date, comprise the following:

	2020	2019
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Financial Assets		
Cash and Invested Cash	\$ 7,507,478	\$ 4,754,163
Restricted Cash	1,073,614	939,686
Accounts and Accrued Interest Receivable	196,620	275,521
Promises to Give, Net	1,869,930	2,132,746
Investments	19,445,021	22,170,778
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Financial Assets at Year End	30,092,663	30,272,894
Less Those Unavailable for General Expenditure Within One Year Due to:		
Promises to Give, Restricted by Donor for Purpose of Use Beyond One Year	(1,509,930)	(2,132,746)
Funds Held in Custody for Others	(10,189,570)	(11,018,867)
Investments Held for Endowments Greater Than One Year	(8,725,831)	(8,672,981)
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Financial Assets at Year End Available to Meet Cash Needs for General Expenditures Within One Year	\$ 9,667,332	\$ 8,448,300
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Note 3. Cash, Cash Equivalents, and Restricted Cash

The Foundation maintains several bank accounts at Capital One Bank. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution exceeded federally insured limits by \$4,271,586 and \$2,742,275 at June 30, 2020 and 2019. Money market mutual funds included in cash equivalents totaled \$2,843,584 and \$1,597,332 at June 30, 2020 and 2019, respectively. These amounts were uninsured. Restricted cash, which consists of money market mutual funds invested for the Endowed Chairs and Professorships Program totaled \$1,073,614 and \$939,686 at June 30, 2020 and 2019, respectively. These amounts were also uninsured.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 3. Cash, Cash Equivalents, and Restricted Cash (Continued)

Amounts reported in the statements of cash flows as cash, cash equivalents, and restricted cash consisted of the following at June 30, 2020 and 2019:

	2020	2019
Cash and Cash Equivalents	\$ 4,413,894	\$ 2,906,831
Invested Cash	3,093,584	1,847,332
Restricted Cash - Endowed Chairs and Professorships	1,073,614	939,686
Total Cash, Cash Equivalents, and Restricted Cash	\$ 8,581,092	\$ 5,693,849

Note 4. Investments

In accordance with the *NFP Entities* Topic of the FASB ASC, the Foundation reports certain equity and all debt securities at fair value. The composition of investment securities at June 30, 2020 and 2019, is as follows:

	2020	2019
Equity Securities		
Corporate Securities	\$ 5,916,146	\$ 6,603,134
Mutual Funds and Exchange Traded Funds	5,092,690	6,993,415
Real Estate Investment Trusts	252,096	307,113
Debt Securities		
Corporate Bonds	4,938,380	6,101,984
Obligations of States and Municipal Governments	1,042,844	1,494,514
United States Treasury Obligations	417,456	-
Mortgage-Backed Securities	1,176,819	-
Alternative Investments	608,590	670,618
Total	\$ 19,445,021	\$ 22,170,778

Alternative investments include a hedge fund, which is a sophisticated, multi-strategy investment managed by external advisors. Such investments are not readily marketable and are reported at net asset value per ownership share, which approximates fair value.

Note 5. Promises to Give

Unconditional promises of donors to make contributions to the Foundation are included in the financial statements as promises to give and revenue with donor restrictions net asset class. During the year ended June 30, 2019, a donor made an unconditional promise to contribute \$360,000 per year for seven years beginning on December 31, 2019 for the construction of athletic facilities for the University

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 5. Promises to Give (Continued)

Promises to give for the years ended June 30, 2020 and 2019 are expected to be realized as follows:

	2020	2019
In One Year or Less	\$ 360,000	\$ 360,000
Between One Year and Five Years	1,440,000	1,440,000
Beyond Five Years	360,000	720,000
	<u>2,160,000</u>	<u>2,520,000</u>
Less: Discount to Present Value at 5%	(290,070)	(387,254)
Less: Allowance for Uncollectible Promises to Give	-	-
	<u>\$ 1,869,930</u>	<u>\$ 2,132,746</u>
Promises to Give, Net		

Promises to give for the years ended June 30, 2020 and 2019 have restrictions as follows:

	2020	2019
Facility Construction	\$ 1,869,930	\$ 2,132,746
Total Promises to Give, Net	<u>\$ 1,869,930</u>	<u>\$ 2,132,746</u>

Note 6. Fair Values of Financial Instruments

The Foundation follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The *Fair Value Measurement* Topic of the FASB ASC establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The inputs in the three levels of this hierarchy are described 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.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 6. Fair Values of Financial Instruments (Continued)

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.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The Foundation's measurements of fair value are made on a recurring basis, and its valuation techniques for assets and liabilities recorded at fair value are as described in the preceding section.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2020 and 2019:

June 30, 2020	Total	Level 1	Level 2	Level 3
Equity Securities				
Corporate Securities	\$ 5,916,146	\$ 5,916,146	\$ -	\$ -
Mutual Funds and Exchange Traded Funds	5,092,690	5,092,690	-	-
Real Estate Investment Trusts	252,096	252,096	-	-
Debt Securities				
Corporate Bonds	4,938,380	3,448,770	-	1,489,610
Obligations of States and Municipal Governments	1,042,844	-	1,042,844	-
United States Treasury Obligations	417,456	355,646	61,810	-
Mortgage-Backed Securities	1,176,819	-	1,176,819	-
Hedge Fund and Futures Fund Measured at NAV ^(a)	608,590	-	-	-
Total	\$ 19,445,021	\$ 15,065,348	\$ 2,281,473	\$ 1,489,610
June 30, 2019	Total	Level 1	Level 2	Level 3
Equity Securities				
Corporate Securities	\$ 6,603,134	\$ 6,603,134	\$ -	\$ -
Mutual Funds and Exchange Traded Funds	6,993,415	6,993,415	-	-
Real Estate Investment Trusts	307,113	307,113	-	-
Debt Securities				
Corporate Bonds	6,101,984	4,491,426	1,610,558	-
Obligations of States and Municipal Governments	1,494,514	11,683	1,482,831	-
Hedge Fund and Futures Fund Measured at NAV ^(a)	670,618	-	-	-
Total	\$ 22,170,778	\$ 18,406,771	\$ 3,093,389	\$ -

(a) Certain investments measured at fair value using the net asset value (NAV) per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 6. Fair Values of Financial Instruments (Continued)

Recurring Fair Value Measurements (Continued)

Changes in the amounts of Level 3 investments reported in the statements of financial position are as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Corporate Bonds, Beginning of Year	\$ -	\$ 540,330
Net Purchases and Sales	1,762,000	-
Transfers to Level 2	-	(540,330)
Unrealized Loss	(272,390)	-
Corporate Bonds, End of Year	\$ 1,489,610	\$ -

Investments in Certain Entities that are Measured at NAV Per Share as a Practical Expedient

The FASB issued a standards update pertaining to *Fair Value Measurements and Disclosures for Investments in Certain Entities that Calculate NAV per Share*. Fair values of certain investments are determined by the use of calculated NAV per ownership share.

The Foundation's investments that feature NAV per share consists of one hedge fund with carrying values of \$608,590 and \$670,618 at June 30, 2020 and 2019, respectively. The fund is a multi-strategy fund which combines hedged funds with private investments. There are no unfunded commitments. Redemption requests can be made quarterly with ninety (90) days written notice, but approvals are at the sole discretion of the fund's Board of Directors, and are limited to twenty percent (20%) of the ownership units per quarter.

Note 7. Funds Held in Custody

Under agreements with the University, the Foundation holds and manages funds received by the University as state matching funds for the accounts of the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs. Also, under an agreement with the University, the Foundation holds and manages the donated and state matching funds for the University.

As of June 30, 2020 and 2019, the funds held in custody are as follows:

	2020	2019
State Funds Held in Custody	\$ 3,714,839	\$ 4,008,608
University Endowments Held in Custody	6,474,731	7,010,259
Total Funds Held in Custody	\$ 10,189,570	\$ 11,018,867

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 8. Demand Note Payable

Demand note payable consist of a note payable to United Community Bank bearing interest at 5.75%. Payments of principal and interest totaling \$46,665 are due quarterly with a final payment of \$708,163 due at maturity on May 1, 2023. The note is secured by a continuing security interest in any and all funds on deposit or certificates of deposit held at the Lender, and certain investment securities. As of June 30, 2020 and 2019, the outstanding balances were \$1,066,315 and \$1,186,205, respectively.

Note 9. Note Payable - Line of Credit

Note Payable - Line of Credit consist of a line of credit in the amount of \$2,500,000 payable to UBS Bank USA bearing interest at 2.8%. Payments of interest are due monthly with the principal due at maturity on September 26, 2022. The note is secured by certain investment securities held by UBS. As of June 30, 2020, the outstanding balance was \$2,500,000.

Note 10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2020 and 2019:

	2020	2019
Buildings and Athletic Facilities	\$ 1,869,930	\$ 2,132,746
Business Capstone Funds	475,346	475,346
Institutional Advancement	338,024	347,457
Other University Departments and Projects	4,286,895	3,583,147
Endowed Chairs, Professorships, and 1 st Generation Scholarships	5,621,158	6,062,875
Scholarships	5,086,144	4,671,227
Total Net Assets With Donor Restrictions	\$ 17,677,497	\$ 17,272,798

Note 11. Net Assets Released from Restrictions

Net assets are released from restrictions by incurring expenses that satisfy the restricted purpose or by the expiration of time. Net assets were released from restrictions by incurring expenses that satisfied the restricted purpose in the amounts of \$3,994,651 and \$1,965,514 for the years ended June 30, 2020 and 2019, respectively.

Notes to Financial Statements

Note 12. Endowments

Endowments consist of individual funds established by donors to provide annual funding for scholarships and other activities.

Interpretation of Relevant Law

The Foundation accounts for donor-restricted funds consistent with the provisions of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of Louisiana and the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs Statement of Investment Policy and Objectives established by the Louisiana Board of Regents. The Foundation seeks to preserve the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditures by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund,
- 2) The purposes of the Foundation and the donor-restricted endowment fund,
- 3) General economic conditions,
- 4) The possible effect of inflation and deflation,
- 5) The expected total return from income and the appreciation of investments,
- 6) Other resources of the Foundation, and
- 7) The investment policies of the Foundation and the Board of Regents.

Investment and Spending Policies

The primary financial objective of the endowments is to be a source of funds provided through return on the invested capital for the current and future support of University programs. The long-term objective is to attain an annual return at or above the level of spending. Annual spending of up to five percent of the market value of program assets averaged on a consistent basis for the five most recent fiscal trust fund years is allowed, provided that the market value of program assets at the end of the most recent fiscal fund year exceeds the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal fund year for which a spending allocation is to be made. When the current market value of program assets is below the original corpus of the endowment, no spending is allowed.

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 12. Endowments (Continued)

Strategies Employed for Achieving Objectives

To achieve the long-term investment objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized), and current yield (interest and dividends). The Foundation targets an appropriately diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

The endowment fund net asset composition by type of fund as of June 30, 2020 and 2019 are as follows:

June 30, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowments			
Endowed Scholarships	\$ -	\$ 5,086,144	\$ 5,086,144
Endowed Chairs, Endowed Professorships, and Endowed 1st Generation Scholarships	-	5,621,158	5,621,158
Board-Designated Endowments			
Mary Danos Theater Maintenance	-	821,646	821,646
Institutional Advancement	-	338,024	338,024
Other University Programs	-	336,077	336,077
Total	\$ -	\$ 12,203,049	\$ 12,203,049
June 30, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowments			
Endowed Scholarships	\$ -	\$ 4,671,227	\$ 4,671,227
Endowed Chairs, Endowed Professorships, and Endowed 1st Generation Scholarships	-	6,062,875	6,062,875
Board-Designated Endowments			
Mary Danos Theater Maintenance	-	641,545	641,545
Institutional Advancement	-	347,457	347,457
Other University Programs	-	703,442	703,442
Total	\$ -	\$ 12,426,546	\$ 12,426,546

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana

Notes to Financial Statements

Note 12. Endowments (Continued)

The changes in donor-restricted endowments funds for the years ended June 30, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2019	\$ -	\$ 12,426,546	\$ 12,426,546
Investment Return, Net	-	(198,299)	(198,299)
Contributions	-	869,606	869,606
Appropriated for Expenditure	-	(894,804)	(894,804)
Endowment Net Assets, June 30, 2020	\$ -	\$ 12,203,049	\$ 12,203,049

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2019	\$ -	\$ 11,797,354	\$ 11,797,354
Investment Return, Net	-	448,663	448,663
Contributions	-	1,210,835	1,210,835
Appropriated for Expenditure	-	(1,030,306)	(1,030,306)
Endowment Net Assets, June 30, 2020	\$ -	\$ 12,426,546	\$ 12,426,546

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration (underwater). It is not customary for the Foundation to spend from underwater endowments unless otherwise directed by the donor. There were no such deficiencies as of June 30, 2020 or 2019.

Note 13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 20, 2021, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Schedules of Funds Held in Custody
For the Years Ended June 30, 2020 and 2019

Schedule 1

	2020	2019
State Funds Held in Custody		
Agnes H. Candies Professorship	\$ 47,091	\$ 49,665
American Association of Drilling Engineers Professorship	45,252	49,160
Bell South Culinary Professorship	45,498	49,529
Bell South/Brady, Miller, Theriot, Callais Professorship	45,107	48,941
Bell South/Picou Professorship	44,854	48,560
Bell South/Picou Professorship #2	47,236	49,004
Bonnie Bourg Professorship	47,259	49,582
Capital One Professorship	44,497	48,024
Cenac Towing Chair	466,797	513,066
CETFE Geomatic/Surveying Professorship	45,321	49,263
Clarence J. Riviere Professorship	46,010	50,299
Durel Matrin Professorship	48,779	49,969
Harvey Peltier, Sr. Professorship	46,047	50,355
Maxine Giardina Professorship	45,195	49,074
Morris and Sandy Hebert Professorship	45,965	50,192
Jimmy and Glenny Lee Buquet Professorship	44,001	47,278
McIlhenny Professorship	44,460	47,968
Minor J. Cheramie Professorship	48,744	52,762
Orleans A. Pitre Professorship	52,482	57,966
Otto Candies Maritime Professorship	243,315	271,448
Otto Candies Family Business Professorship	122,763	137,386
Otto Candies 500 Business Professorship	123,287	137,955
T. Baker Smith Professorship	45,480	49,503
T. Shepard Endowed Professorship	45,702	49,835
1st Generation Scholarship	53,590	56,526
J Maselli Professorship	44,570	48,133
B Raziano Professorship	44,487	48,009
R E Miller Professorship	45,021	48,812
Goldring Foundation Professorship	45,477	49,498
Gueydan Professorship	45,820	50,014
Henry & Kim Lafont 1st Generation Scholarship	52,401	54,901
Harold Callais Professorship	227,927	248,305
Paul Callais Professorship	113,503	123,461
Peter Callais Professorship	113,518	123,480
Nolen Professorship	44,137	47,482
George Picou Professorship	51,166	53,839
Swanner 1st Generation Scholarship	53,833	56,774
Danos 1st Generation Scholarship	51,077	53,137
B & J Bollinger Scholarship	53,478	54,986
Danos Family Nursing Scholarship	41,758	44,812
R & C Cheramie Scholarship	52,289	54,379
Jack Cenac Scholarship	44,251	47,366
Jock Cenac Scholarship	45,549	48,186
Stephen & Rebecca Hulbert Scholarship	43,742	46,234
Gloria Callais Professorship	44,781	47,909
Michael & Christine Bourgeois 1st Generation Scholarship #2	50,043	51,263
R & J Bartels 1st Generation Scholarship	45,031	47,350
Harold Callais 1st Generation Scholarship	44,555	46,456
Burguieres 1st Generation Sholarship	43,064	45,335

NICHOLLS STATE UNIVERSITY FOUNDATION, INC.
Thibodaux, Louisiana
Schedules of Funds Held in Custody (Continued)
For the Years Ended June 30, 2020 and 2019

Schedule 1

	2020	2019
State Funds Held in Custody (Continued)		
J & T Sanford 1st Generation Scholarship	46,250	48,651
John Brady Jr. Professorship	44,302	47,644
Alfred Delahaye Professorship	43,514	46,611
Mitch Hebert 1st Generation Scholarship	43,770	46,791
Michael & Christine Bourgeois 1st Generation Scholarship #2	46,636	48,282
Wayne Patten Endowed Professorship #1	47,441	48,599
Wayne Patten Endowed Professorship #2	47,441	48,599
Sister Mary Bienvue	19,275	20,000
Total State Funds Held in Custody	3,714,839	4,008,608
University Funds Held in Custody		
Argent Bank Endowed Professorship in Business Administration	119,733	131,809
Belle & Leonard Toups Chair in English	1,119,102	1,201,253
Betsy Ayo Endowed Professorship in Accounting and Business Law	117,842	128,984
Boysie Bollinger Super Endowed Professorship in Business	562,991	605,764
Andie Bollinger Endowed Professorship in Business	284,660	307,607
Charlotte Bollinger Endowed Professorship in Business	280,200	300,947
Contractor's Educational Trust Fund Endowed Professorship in Manufacturing Technology	241,297	266,351
Entergy Endowed Professorship in Computer Science	168,068	171,074
Entergy Endowed Professorship in Information Systems	125,706	136,700
Gerald Gaston Endowed Professorship in the College of Business Administration	116,925	127,615
Jerry Ledet Foundation Endowed Professorship in Environmental Biology	111,767	119,912
Lorio Foundation Endowed Professorship in Fine Arts	106,754	113,718
Lorio Foundation Endowed Professorship in Language and Literature	107,041	114,009
Lorio Foundation Endowed Professorship in Nursing	115,843	123,454
Lorio Foundation Endowed Professorship in Physical Science	107,192	114,163
Peltier Foundation Endowed Professorship in College of Business Administration	112,455	120,939
Terrebonne General Medical Center Founding Physicians Endowed Professorship in Nursing and Allied Health	288,771	313,746
Terrebonne General Medical Center Devoted Volunteers Endowed Professorship in Nursing and Allied Health	284,488	307,350
Terrebonne General Medical Center Compassionate Staff Endowed Professorship in Nursing and Allied Health	296,812	322,908
Terrebonne General Medical Center Faithful Sisters Endowed Professorship in Nursing and Allied Health	283,991	306,609
Thibodaux Hospital and Health Center Endowed Professorship in Nursing	123,243	137,050
John Brady, Sr. and Pat Brady Endowed Professorship in Computer Science	581,261	633,048
John Brady, Sr. and John Brady Jr. Endowed Professorship in Biological Sciences	585,166	638,880
John C. Daigle Endowed Professorship in Free Enterprise	114,876	124,554
Donald Peltier Endowed Professorship	118,547	141,815
Total University Funds Held in Custody	6,474,731	7,010,259
Total Funds Held in Custody	\$ 10,189,570	\$ 11,018,867

**NICHOLLS STATE
UNIVERSITY FOUNDATION, INC.**

Independent Accountant's Report
On Applying Agreed-Upon Procedures

For the Year Ended June 30, 2020



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Nicholls State University Foundation, Inc.
Thibodaux, Louisiana

We have performed the procedures enumerated below related to Nicholls State University Foundation Inc.'s (the Foundation) compliance with the Louisiana Board of Regents' Statement of Investment Policy and Objectives governing the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs for the year ended June 30, 2020. The Foundation is responsible for compliance with the Louisiana Board of Regents' Statement of Investment Policy and Objectives.

The Foundation's management has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in determining whether the entity complied with the specified requirements. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. Verify that the Foundation's Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs' assets have been managed in compliance with the provisions set forth in the Louisiana Board of Regents' Statement of Investment Policy and Objectives.

Results: No exceptions were found as a result of applying the procedure.

2. Verify that the annual financial reports for the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs submitted to the Louisiana Board of Regents were accurate and agreed to the accounting records of the Foundation.

Results: No exceptions were found as a result of applying the procedure.

3. Select a sample of disbursements from the Endowed Chair, Endowed Professorship, and Endowed Scholarship Programs and verify that the proceeds were used in accordance with program policies.

Results: No exceptions were found as a result of applying the procedure.

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4. Verify that the investment earnings generated from pooled assets involving the Endowed Chair, Endowed Professorship, or Endowed Scholarship Programs have been properly allocated in accordance with the Louisiana Board of Regents Statement of Investment Policy and Objectives.

Results: No exceptions were found as a result of applying the procedure.

We were engaged by the Foundation's management to perform this agreed-upon procedures engagement and conducted our engagement 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 accounting records. 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.

We are required to be independent of the Foundation's management and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Houma, LA
May 20, 2021