

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Baton Rouge, Louisiana

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2020 AND 2019

Roslyn J. Johnson, LLC
Certified Public Accountant

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
University of Louisiana System Foundation
Baton Rouge, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of **University of Louisiana System Foundation (a nonprofit organization)**, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance 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, I 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.

University of Louisiana System Foundation
Independent Auditor's Report
(Continued)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Opinion

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

Other Reporting Required by Governmental Auditing Standards

In accordance with Governmental Auditing Standards, I have also issued my report dated May 7, 2021, on my consideration of the **University of Louisiana System Foundation**'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 to describe the scope of my testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **University of Louisiana System Foundation**'s internal control over financial reporting and compliance.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
May 7, 2021

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash in bank - restricted	\$ 800,000	\$800,000
Cash in bank - unrestricted	<u>126,545</u>	<u>122,754</u>
Total Assets	<u>\$ 926,545</u>	<u>\$922,754</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	<u>39,000</u>	<u>30,000</u>
Total Current Liabilities	<u>39,000</u>	<u>30,000</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	87,545	92,754
With donor restrictions:		
S.T.E.M. (Science, Technology, Engineering, & Math Program)	<u>800,000</u>	<u>800,000</u>
Total Net Assets	<u>887,545</u>	<u>892,754</u>
Total Liabilities and Net Assets	<u>\$926,545</u>	<u>\$922,754</u>

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Statement of Activities
December 31, 2020 and 2019

	<u>2020</u>	<u>2020</u>	
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 81,262		\$ 81,262
Interest income	6,384		6,384
Total Revenues and Other Support	<u>87,646</u>		<u>87,646</u>
Expenses			
Program Services			
Conference expenses	15,305		15,305
Scholarships	5,000		5,000
Management and General			
Professional services	72,000		72,000
Other	550		550
Total Expenses	<u>92,855</u>		<u>92,855</u>
Change in Net Assets	(5,209)		(5,209)
Net Assets - Beginning of Year	<u>92,754</u>	\$ 800,000	<u>892,754</u>
Net Assets - End of Year	<u>\$ 87,545</u>	<u>\$ 800,000</u>	<u>\$ 887,545</u>

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION

Statement of Activities

December 31, 2020 and 2019

	<u>2019</u>	<u>2019</u>	
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	\$ 90,571	\$ 800,000	\$ 890,571
Interest income	8,002		8,002
Net assets released from restrictions for satisfaction of program restrictions	1,000	(1,000)	
Total Revenues and Other Support	<u>99,573</u>	<u>799,000</u>	<u>898,573</u>
Expenses			
Program Services			
Conference expenses	38,112		38,112
Media/printing	502		502
Scholarships	1,000		1,000
Management and General			
Professional services	50,200		50,200
Other	834		834
Total Expenses	<u>90,648</u>		<u>90,648</u>
Change in Net Assets	8,925	799,000	807,925
Net Assets - Beginning of Year (restated note 4)	<u>83,829</u>	<u>1,000</u>	<u>84,829</u>
Net Assets - End of Year	<u>\$ 92,754</u>	<u>\$ 800,000</u>	<u>\$ 892,754</u>

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Statements of Cash Flows
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (5,209)	\$ 807,925
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Increase in Accounts payable	9,000	12,000
Net cash provided (used) by operating activities	<u>3,791</u>	<u>819,925</u>
Net increase in cash	3,791	819,925
CASH AT BEGINNING OF YEAR	<u>922,754</u>	<u>102,829</u>
CASH AT END OF YEAR	<u><u>\$926,545</u></u>	<u><u>922,754</u></u>

The accompanying notes are an integral part of the basic financial statement.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION

Notes to the Financial Statements
December 31, 2020 and 2019

Note 1 – Nature of Organization

University of Louisiana System Foundation (the Foundation) was incorporated in August 1987 under the provisions of Louisiana Revised Statute 12:201. **The Foundation** was organized for the purpose of promoting the educational and cultural welfare of the **University of Louisiana System**, aiding students in continuing his or her studies within the System, and soliciting and accepting donations for the purpose of providing scholarships and activities in research. **The Foundation** currently has a Board of Directors comprised of six members, which represent the entire membership of the corporation.

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

B. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standard's Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ACS 958, **the Foundation** reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions include those net assets whose use by **the Foundation** is not restricted by donors, even though their use may be limited in other respects, such as by contract or board designation. Net assets with donor restrictions are those net assets received with donor-imposed restrictions limiting **the Foundation's** use of the assets. The Foundation at December 31, 2020 and 2019 had net assets of \$800,000 with donor restrictions. The contributions were received from an anonymous donor to be used and/or allocated to selected individuals within four years to support new S.T.E.M. (Science, Technology, Engineering and Math) Professorships with funds being evenly divided (50%) each between males and females.

C. Net Assets Released from Restrictions

Expiration of temporary restrictions of net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets.

D. 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

University of Louisiana System Foundation
Notes to the Financial Statements
(Continued)

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 may differ from those estimates.

E. Cash and Cash Equivalents

The Foundation's cash consist of interest-bearing demand deposits with a financial institution. At December 31, 2020 and 2019, **the Foundation's** cash in the bank totaled \$926,545 and \$922,754 as reported on the Statements of Financial Position. For purposes of reporting the statement of cash flows, **the Foundation** considers all highly liquid debt instruments purchased with original maturities of three month or less to be cash equivalents. **The Foundation** had no cash equivalents at December 31, 2020 and 2019.

F. Contributions

Contributions represent cash donations to **the Foundation** from organizations and individuals and are recognized as support when received. Contributions received and subject to donor restrictions are reported in net assets as "With Donor Restrictions".

G. Functional Expenses

Expenses included in the program services column on the statement of activities are those expenses that are directly identifiable with a specific program. Management and general expenses include those expenses that are not directly identifiable with any other specific function but rather provide for the overall support and direction of **the Foundation**.

H. Income Taxes

Income taxes are not provided for in the financial statements since **the Foundation** is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

I. Contributed Services

Professional accounting services and office space have been provided to **the Foundation** at no cost. The contributions are not significant and have not been recorded in the financial statements. **The Foundation** has no other employees.

J. Liquidity Management

As of December 31, 2020 and 2019, **the Foundation** has financial assets of \$926,545 and \$922,754 in cash, with \$800,000 subject to donor restrictions and the remaining balances of \$126,545 and \$122,754 which could be made readily available within one year of the statement of financial position date to meet management and general expenditures. As part of its liquidity management, **the Foundation** has a policy to structure its financial assets to be made available as management and general expenditures, liabilities, and other obligations become due.

University of Louisiana System Foundation
Notes to the Financial Statements
(Continued)

Note 3 – Concentration of Credit Risk

The Foundation's cash balances are insured by Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2020 and 2019, the Foundation had \$676,545 and \$672,754 in excess of the insured limits, however, the financial institution had pledged investment securities to guarantee these deposits.

Note 4 – Prior Period Adjustment

The Net Assets as of December 31, 2018, have been restated to reflect the correction of an error related to prior year recording of accounts payables. The effect of the restatement is as follows:

Net Assets, December 31, 2018 as previously reported	\$102,829
Correct the recording of prior year accounts payable	<u>(18,000)</u>
Net Assets, December 31, 2018, as restated	<u>\$84,829</u>

Note 5 – Board Designation of Net Assets

At December 31, 2020 and 2019, the Foundation's Board has not designated any portion of net assets for specific purposes.

Note 6 – Board of Directors Compensation

The six members of the Board of Directors serve without compensation but may be reimbursed for necessary expenses in the discharge of their duties. There were no reimbursements made to board members during December 31, 2020 and 2019, for expenses incurred in the discharge of their duties.

Note 7– Subsequent Events

The Foundation is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. The Foundation performed such an evaluation through May 7, 2021, the date which the financial statements were available to be issued and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition of disclosure.

OTHER REPORTS

**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**

To the Board of Directors
University of Louisiana System Foundation
Baton Rouge, Louisiana

I 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 United States, the financial statements of the governmental activities of **University of Louisiana System Foundation (the Foundation)** a nonprofit corporation, which comprise the statement of financial positions as of December 31, 2020 and 2019, and the related statements of activities, and cash flows for the two years then ended, and the related notes to the financial statements, and have issued my report thereon dated May 7, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered **the Foundation's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the Foundation's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the Foundation's** internal control.

A *deficiency in internal controls* 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention of those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the Foundation's** financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

University of Louisiana System Foundation
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*

compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Roslyn J. Johnson, LLC

Roslyn J. Johnson, LLC
Baton Rouge, Louisiana
May 7, 2021

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Schedule of Findings and Questioned Costs
December 31, 2020 and 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statement Audit

Type of auditor's report issued:		Unmodified	
Internal control over financial reporting:			
Material weakness (es) identified?	_____ Yes	_____ X	No
Significant deficiency (ies) identified ?	_____ Yes	_____ X	No
Noncompliance material to financial statements noted?	_____ Yes	_____ X	No
Management Letter Comments	_____ Yes	_____ X	No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings or questioned costs for the years ended December 31, 2020 and 2019.

SECTION III - FEDERAL AWARD FINDINGS

The Foundation received no Federal Award during year ended December 31, 2020 and 2019.

UNIVERSITY OF LOUISIANA SYSTEM FOUNDATION
Schedule of Findings and Questioned Costs
December 31, 2020 and 2019

No matters reported.