
LSU HEALTH FOUNDATION, NEW ORLEANS

FINANCIAL STATEMENTS

JUNE 30, 2022

LSU HEALTH FOUNDATION, NEW ORLEANS

FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
LSU Health Foundation, New Orleans
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of LSU Health Foundation, New Orleans (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LSU Health Foundation, New Orleans as of June 30, 2022 and 2021, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LSU Health Foundation, New Orleans and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LSU Health Foundation, New Orleans' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 LSU Health Foundation, New Orleans' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LSU Health Foundation, New Orleans' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying statements of financial position, net position, activities, statement of revenues, expenses, and changes in net position, and notes to supplementary information required by the State of Louisiana (collectively the Supplementary Information Required by the State of Louisiana), 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 Supplementary Information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022, on our consideration of LSU Health Foundation, New Orleans' 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 LSU Health Foundation, New Orleans' 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 Foundation, New Orleans' internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
November 18, 2022

LSU HEALTH FOUNDATION, NEW ORLEANS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,988,200	\$ 1,506,953
Investments	4,231,772	3,582,277
Unconditional promises to give, net	2,177,166	979,678
Accounts receivable	746,865	167,786
Prepaid and other assets	346,735	357,262
Total current assets	9,490,738	6,593,956
Noncurrent Assets:		
Investments	157,435,135	182,877,018
Property and equipment, net	23,518,124	17,442,244
Unconditional promises to give, net	1,710,047	526,086
Total noncurrent assets	182,663,306	200,845,348
<u>TOTAL ASSETS</u>	\$ 192,154,044	\$ 207,439,304
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,308,503	\$ 571,295
Line of credit	1,524,000	1,524,000
Split-interest agreements	51,375	51,375
Note payable	118,322	395,435
Total current liabilities	3,002,200	2,542,105
Noncurrent Liabilities:		
Amounts held in custody for others	32,937,028	41,422,408
Split-interest agreements	164,855	210,819
Note payable	4,517,384	-
Total noncurrent liabilities	37,619,267	41,633,227
<u>TOTAL LIABILITIES</u>	40,621,467	44,175,332
<u>NET ASSETS</u>		
Without donor restrictions	19,643,486	21,643,604
Board-designated	376,713	362,550
Total without donor restrictions	20,020,199	22,006,154
With donor restrictions	131,512,378	141,257,818
Total net assets	151,532,577	163,263,972
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 192,154,044	\$ 207,439,304

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

LSU HEALTH FOUNDATION, NEW ORLEANS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 1,048,010	\$ 12,186,618	\$ 13,234,628
Management and deposit fee income	2,599,636	-	2,599,636
Investment income (loss), net	(2,331,089)	(10,789,996)	(13,121,085)
Rental income	878,312	-	878,312
Business venture revenue	100,050	-	100,050
Other revenue	919,654	-	919,654
	<u>3,214,573</u>	<u>1,396,622</u>	<u>4,611,195</u>
Net assets released from restrictions	<u>11,142,062</u>	<u>(11,142,062)</u>	<u>-</u>
Total revenue and other support	<u>14,356,635</u>	<u>(9,745,440)</u>	<u>4,611,195</u>
Expenses:			
Program services	12,058,235	-	12,058,235
General and administrative	1,505,460	-	1,505,460
Development	2,778,895	-	2,778,895
Total expenses	<u>16,342,590</u>	<u>-</u>	<u>16,342,590</u>
Change in net assets	(1,985,955)	(9,745,440)	(11,731,395)
Net assets at beginning of year	<u>22,006,154</u>	<u>141,257,818</u>	<u>163,263,972</u>
Net assets at end of year	<u>\$ 20,020,199</u>	<u>\$ 131,512,378</u>	<u>\$ 151,532,577</u>

The accompanying notes are an integral part of this financial statement.

LSU HEALTH FOUNDATION, NEW ORLEANS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 2,962,802	\$ 5,680,427	\$ 8,643,229
Management and deposit fee income	2,419,118	-	2,419,118
Investment income, net	6,580,926	29,316,930	35,897,856
Rental income	403,426	-	403,426
Business venture revenue	356,710	-	356,710
Other revenue	704,664	-	704,664
	<u>13,427,646</u>	<u>34,997,357</u>	<u>48,425,003</u>
Net assets released from restrictions	<u>8,813,755</u>	<u>(8,813,755)</u>	<u>-</u>
Total revenue and other support	<u>22,241,401</u>	<u>26,183,602</u>	<u>48,425,003</u>
Expenses:			
Program services	12,963,315	-	12,963,315
General and administrative	1,185,916	-	1,185,916
Development	1,885,937	-	1,885,937
Total expenses	<u>16,035,168</u>	<u>-</u>	<u>16,035,168</u>
Change in net assets	6,206,233	26,183,602	32,389,835
Net assets at beginning of year	<u>15,799,921</u>	<u>115,074,216</u>	<u>130,874,137</u>
Net assets at end of year	<u>\$ 22,006,154</u>	<u>\$ 141,257,818</u>	<u>\$ 163,263,972</u>

The accompanying notes are an integral part of this financial statement.

LSU HEALTH FOUNDATION, NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>			<u>Supporting Services</u>		
	Program Services - Scientific, Research and Educational Enhancement of The LSU Health Sciences Center	Other Program Services	Total Program Services	General and Administrative	Development	Total Expenses
Salary and related cost	\$ 1,836,429	\$ 447,505	\$ 2,283,934	\$ 861,257	\$ 1,312,794	\$ 4,457,985
Travel, conferences and meetings	1,090,462	7,328	1,097,790	7,816	176,330	1,281,936
Deposit and management fees	2,599,636	-	2,599,636	-	-	2,599,636
Professional services	548,904	144,255	693,159	170,316	332,600	1,196,075
Office supplies and equipment	1,523,572	40,903	1,564,475	11,357	76,945	1,652,777
Community and campus support	1,081,316	48	1,081,364	73	327,978	1,409,415
Dues, subscriptions and databases	202,663	6,887	209,550	10,088	189,655	409,293
Utilities and property maintenance	72,339	97,319	169,658	73,336	24,309	267,303
Depreciation and amortization	-	7,930	7,930	194,280	47,579	249,789
Repairs and maintenance	74,016	18,913	92,929	23,453	5,743	122,125
Professional education	150,161	-	150,161	438	3,743	154,342
Printing and postage	52,876	434	53,310	1,236	273,340	327,886
Marketing and website	75,677	-	75,677	216	14,830	90,723
Provision for uncollectible accounts and pledge discounts	1,904,332	-	1,904,332	36,750	-	1,941,082
Banking and credit card fees	35,310	6,095	41,405	5,816	101	47,322
Taxes and licenses	32,863	62	32,925	(28,949)	(7,052)	(3,076)
Interest expense	-	-	-	137,977	-	137,977
Totals	\$ 11,280,556	\$ 777,679	\$ 12,058,235	\$ 1,505,460	\$ 2,778,895	\$ 16,342,590

The accompanying notes are an integral part of this financial statement.

LSU HEALTH FOUNDATION, NEW ORLEANS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>			<u>Supporting Services</u>		
	Program Services - Scientific, Research and Educational Enhancement of The LSU Health Sciences Center	Other Program Services	Total Program Services	General and Administrative	Development	Total Expenses
Salary and related cost	\$ 2,141,226	\$ 666,468	\$ 2,807,694	\$ 759,827	\$ 1,150,073	\$ 4,717,594
Travel, conferences and meetings	330,365	2,220	332,585	4,959	11,537	349,081
Deposit and management fees	2,419,118	-	2,419,118	-	-	2,419,118
Professional services	636,987	62,409	699,396	99,997	214,176	1,013,569
Office supplies and equipment	1,211,071	45,971	1,257,042	12,193	12,151	1,281,386
Community and campus support	3,802,506	770	3,803,276	292	120,150	3,923,718
Dues, subscriptions and databases	195,686	4,935	200,621	9,998	124,366	334,985
Utilities and property maintenance	77,407	140,675	218,082	86,493	23,423	327,998
Depreciation and amortization	-	7,815	7,815	175,832	39,074	222,721
Repairs and maintenance	29,678	21,167	50,845	26,200	6,457	83,502
Professional education	231,606	2,358	233,964	339	508	234,811
Printing and postage	90,021	6,027	96,048	3,745	157,421	257,214
Marketing and website	59,406	10	59,416	108	26,544	86,068
Provision for uncollectible accounts and pledge discounts	547,739	138,713	686,452	-	-	686,452
Banking and credit card fees	20,986	15,411	36,397	5,933	57	42,387
Taxes and licenses	54,564	-	54,564	-	-	54,564
Totals	\$ 11,848,366	\$ 1,114,949	\$ 12,963,315	\$ 1,185,916	\$ 1,885,937	\$ 16,035,168

The accompanying notes are an integral part of this financial statement.

LSU HEALTH FOUNDATION, NEW ORLEANS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (11,731,395)	\$ 32,389,835
Adjustments to reconcile change in net assets to net cash provide by (used in) operating activities:		
Depreciation and amortization	249,789	222,721
Change in allowance for uncollectible accounts	1,512,888	77,665
Net change in discount on unconditional promises to give	428,194	470,070
Realized and unrealized loss (gain) on investments, net	14,888,814	(34,153,995)
Non-cash donation of property, net	(650,000)	292,414
Forgiveness of debt	(395,435)	(381,000)
Contributions with donor restrictions in perpetuity	(3,902,739)	(2,149,985)
(Decrease) increase in split interest agreement	5,411	39,725
Changes in operating assets and liabilities:		
(Increase) decrease in unconditional promises to give	(4,322,531)	(1,343,067)
(Increase) decrease in accounts receivable	(579,079)	836,497
Increase in other assets	(2,568)	(189,522)
Increase (decrease) accounts payable and accrued expenses	737,208	(1,023,779)
Payments to beneficiaries of split interest agreements	(51,375)	(51,375)
Increase (Decrease) in funds held in custody	(8,485,380)	12,636,499
	<u>(12,298,198)</u>	<u>7,672,703</u>
Net cash provided by (used) in operating activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Net sales (purchases) of investments	9,903,574	(9,114,441)
Purchases of property	(5,662,574)	(645,942)
Proceeds from sales of property	-	333,321
Net cash provide by (used in) investing activities	<u>4,241,000</u>	<u>(9,427,062)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from line of credit	-	388,000
Proceeds from notes payable	4,675,000	395,435
Payments on notes payable	(39,294)	-
Contributions with donor restrictions in perpetuity	3,902,739	2,149,985
Net cash provided by financing activities	<u>8,538,445</u>	<u>2,933,420</u>
Net change in cash and cash equivalents	481,247	1,179,061
Cash and cash equivalents at beginning of year	<u>1,506,953</u>	<u>327,892</u>
Cash and cash equivalents at end of year	<u>\$ 1,988,200</u>	<u>\$ 1,506,953</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash paid for interest	<u>\$ 191,438</u>	<u>\$ 48,938</u>

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

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities

The LSU Health Foundation, New Orleans (the Foundation) is a non-profit organization which was organized to promote and support the activities of the LSU Health Sciences Center in New Orleans. The Foundation's activities and purpose include scientific research, educational, solicitation and management of funds, including endowments, and other functions for the benefit of the LSU Health Sciences Center. The Foundation is supported primarily through donor contributions.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Foundation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (US GAAP), which require the Foundation to report financial information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of Foundation's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Risks and Uncertainties

The Foundation holds various investments in any combination of stocks, bonds, fixed income securities, mutual funds, hedge funds, and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit. Given the level of risk associated with certain investment securities and the level of uncertainty related to the changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect investment balances and the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Foundation considers all highly liquid investments in money market funds and investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are initially recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Certain investments in hedge funds, private equity funds, and other investment funds are through limited partnership interests and valued by management using net asset value (NAV) as a practical expedient. Net investment income/loss is reported in the statements of activities and changes in net assets and consists of realized and unrealized gains and losses, interest income, and dividends, less investment management and custodial fees.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on historical cost and are recorded in the statements of activities and changes in net assets in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

The Foundation's pooled investments are managed by various portfolio management companies. Custody of some of the investments is performed by an investment bank custodian. The alternative investment assets are custodied by various prime brokers and invested in various restricted corporations and limited partnerships.

The Board of Directors has a formal investment policy and has hired an independent investment consultant with discretionary and co-fiduciary oversight of the fund managers selected to meet the asset allocation and performance goals. The Foundation's investment policy statement defines and assigns responsibilities of all parties involved, establishes a clear understanding of the objectives and goals of the investments under management, offers guidelines and limitations to all parties involved, establishes a basis for evaluation of performance, and sets principals to manage the investments according to prudent standards. The Foundation's investment committee, in coordination with the investment consultant, periodically examines the returns of the fund managers to ensure the Foundation's investment objectives are reached. The result is a portfolio with a demonstrated ability to reduce the exposure of capital from loss in adverse market conditions and to produce superior risk-adjusted returns.

The Board of Directors has been advised by legal counsel that under Louisiana state law, the gains from sales of securities and increases in market value are to be treated as principal and must be retained in endowment fund accounts. However, under the Uniform Prudent Management of Institutional Funds Act adopted in Louisiana, such gains and appreciation in value may be expended for the purposes designated by the donors if it is prudent in the judgment of the Board of Directors after considering the long and short term needs of the LSU Health Sciences Center, its present and anticipated financial requirements, expected total return on investments, price level trends and general economic conditions.

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Investments (continued)

If any donor stipulates that realized and unrealized investment gains should not be spent on the restricted purpose for which a fund was originated, then such gains will be added to investment principal and will not be expendable in the future. No such stipulations were present at June 30, 2022.

Investment income from interest, dividends and realized gains and losses are allocated to various activities and programs under the Foundation's investment policy. The portion that is without donor restriction and pertains to short term donor-restricted activities is reported as support without donor restriction, and the portion that pertains to endowment activities is reported as revenue with donor restriction, because it could be expended on the restricted purposes of the endowments in subsequent periods.

Unconditional Promises to Give

Contributions are recognized when a donor makes a promise to give to the Foundation that is, in substance, unconditional. The promises to give are recognized as assets and revenues, net of an allowance for uncollectible amounts. The allowance is based on historical experience and management's analysis of specific promises made. Pledges due in subsequent years are recorded at net present value of estimated future cash flows using an appropriate discount rate. Unconditional promises to give that are due to be received within one year are classified as current assets on the statements of financial position.

Management's estimate for the allowance of uncollectible promises to give at June 30, 2022 and 2021 was \$2,418,267 and \$905,379, respectively.

Accounts receivable

Receivables are stated at the amount the Foundation expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2022 and 2021, there was no allowance for doubtful accounts related to accounts receivable.

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

The Foundation capitalizes acquisitions of property, furniture, equipment, and accounting software purchased with unrestricted funds in excess of \$5,000. Costs of property, furniture, equipment, and accounting software purchased with unrestricted funds that are less than \$5,000 are charged to an expense. Capitalized assets are carried at cost or, if donated, at the approximate fair value at the date of donation. The Foundation finished construction on a new building in July of 2013 and is using the straight-line method to depreciate it over an estimated useful life of 40 years. In August of 2021, the Foundation purchased a property near campus for future development and is using the straight-line method to depreciate it over an estimated useful life of 40 years. Furniture is being depreciated over estimated useful lives of five years using the straight-line method. Construction-in-progress represents costs incurred on the construction of assets that have not been completed or placed in service as of the end of the year.

Amounts Held in Custody for Others

The Foundation considers all state matching funds and unexpended income from these funds to be reported as Amounts Held in Custody for Others. Amounts Held in Custody for Others are recorded at fair market value. The Foundation charges a program service fee to manage these funds.

Contributions

Contributions are recorded as support without donor restriction or support with donor restriction, depending on the existence or nature of any donor restrictions. Support that is restricted by a donor is reported as an increase in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restriction and reported in the statements of activities and changes in net assets as net assets released from restrictions. Contributed assets are recorded at fair value at the date of donation.

Program Service Fees

The Foundation recognizes revenues related to the management and deposit fee income when earned according to the contractually obligated terms. The Company's performance obligation is primarily satisfied over time as the services are performed and provided to the customer, which is the underlying donor fund. Fees are dependent on the market value of the underlying donor funds, which are sourced from donors based in Louisiana and elsewhere and through custodial arrangements. Business venture revenues, primarily the Foundation's management of fitness centers in the New Orleans area, are recognized as the performance obligations are met, which generally is at the point in time in which the services are performed. In April 2022, the Foundation discontinued fitness center operations.

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Required Transfers

The Foundation has received various matching grants from the State of Louisiana under the Endowed Chairs for Eminent Scholars, Endowed Professorships and Endowed Superior Graduate Student Scholarships, 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. One of the requirements of the Board of Regents for Higher Education's investment policy relates to increasing each program's endowment balance each year and some transfers to endowed net assets were made to comply with this policy.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Salary and related cost	Time and effort
Professional services	Full time equivalent
Travel, conferences and meetings	Time and effort
Community and campus support	Full time equivalent
Printing and postage	Full time equivalent
Dues, subscriptions and databases	Full time equivalent
Professional education	Time and effort
Office supplies and equipment	Time and effort and square footage by full time equivalent
Taxes and licenses	Full time equivalent
Repairs and maintenance	Time and effort and square footage by full time equivalent
Utilities and property maintenance	Time and effort and square footage by full time equivalent
Depreciation	Square footage by full time equivalent

Income Taxes

The Foundation is a not-for-profit foundation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business taxable income (UBTI). The Foundation has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (continued)

Accounting pronouncements issued but not yet adopted

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, entities can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings. The ASU will be effective for the Foundation's fiscal year ending June 30, 2023. The Foundation is currently assessing the impact of this pronouncement on its financial statements.

3. Liquidity and Availability of Resources

The following represents the Foundation's financial assets at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,988,200	\$ 1,506,953
Investments	161,666,907	186,459,295
Unconditional promises to give, see Note 5	3,349,487	1,507,135
Accounts receivable	<u>746,865</u>	<u>167,786</u>
Total financial assets available within one year	<u>167,751,459</u>	<u>189,641,169</u>
Less amounts unavailable to be used for general expenditures within one year, due to:		
Amounts held in custody for others	32,937,028	41,422,408
Designated by Board of Directors	376,713	362,550
Restricted by donors with purpose restrictions	<u>131,512,378</u>	<u>141,257,818</u>
	<u>164,826,119</u>	<u>183,042,776</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 2,925,340</u>	<u>\$ 6,598,393</u>

The Foundation maintains a practice of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of weekly requirements in a variety of short-term investments. To help manage unanticipated needs, the Foundation has a committed line of credit of \$4,000,000, of which \$2,476,000 is available at June 30, 2022 which it could draw upon, subject to certain specific covenants in its agreement.

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Liquidity and Availability of Resources (continued)

Additionally, the Foundation has Board-designated net assets without donor restriction that, while the Foundation does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary.

4. Restrictions on Net Assets

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the LSU Health Sciences Center. The Foundation conducts numerous program services, including assistance with research, scientific endeavors, educational assistance through faculty salary supplemental compensation and student scholarships, equipment purchases for specific departments, etc. These restrictions are considered to expire when payments for restricted purposes are made or when time has elapsed. Transfers can be made between net assets with and without donor restrictions to reflect a change in donor intent for specific gifts made or deposits held with the Foundation.

5. Unconditional Promises to Give

Unconditional promises to give consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Gross unconditional promises to give	\$ 6,909,347	\$ 2,586,816
Less: unamortized discount	(603,867)	(175,673)
Less: allowance for uncollectible amounts	<u>(2,418,267)</u>	<u>(905,379)</u>
Net unconditional promises to give	<u>\$ 3,887,213</u>	<u>\$ 1,505,764</u>
Amount due in:		
Less than one year	\$ 3,349,487	\$ 1,507,135
One to five years	3,185,213	1,064,181
Over five years	<u>374,647</u>	<u>15,500</u>
Total	<u>\$ 6,909,347</u>	<u>\$ 2,586,816</u>

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Building	\$ 8,956,408	\$ 8,346,657
Building improvements	562,185	562,185
Furniture	206,788	206,788
Construction in progress	1,739,259	1,613,330
Land	14,181,524	8,604,630
Less accumulated depreciation	<u>(2,128,040)</u>	<u>(1,891,346)</u>
Property and equipment, net	<u>\$ 23,518,124</u>	<u>\$ 17,442,244</u>

7. Concentration of Credits Risks

The Foundation maintains its cash accounts in several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 and collateralized for greater amounts by agreement with some financial institutions. At June 30, 2022, the Foundation's balances are fully insured or collateralized.

8. Amounts Held in Custody for Others

Under agreements with Louisiana State University Agricultural and Mechanical College (the "University"), the Foundation holds and manages funds received by the University as state matching funds for various accounts of the Endowed Chairs for Eminent Scholars, Endowed Professorships and Endowed Superior Graduate Student Scholarships Programs. Funds held in custody were \$32,937,028 and \$41,422,408 on June 30, 2022 and 2021, respectively. The amount of state matching funds received was \$400,000 and \$920,000 for the fiscal years ended June 30, 2022 and 2021, respectively.

9. Retirement Plan

Effective July 1, 2002, the Foundation established a Tax Deferred Annuity or 403(b) Plan. The Foundation's total contributions expense was \$86,164 and \$83,228 for the years ending June 30, 2022 and 2021, respectively, which is allocated to both general and administrative and development expenses on the statements of activities and changes in net assets.

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

10. Split-Interest Agreements

The Foundation has entered into charitable gift annuity agreements. A charitable gift annuity provides for the payment of distributions to the grantor or designated beneficiaries over the trust's term. In consideration of the contribution, the Foundation shall pay an annual annuity of \$51,375 paid in quarterly or monthly installments to the donor so long as they are living. The Foundation's obligation will terminate upon the donor's death. The present value of the estimated future payments (\$216,230 and \$262,194 at June 30, 2022 and 2021) is calculated using a discount rate of 1.20% and the applicable mortality rates. The Foundation made payments to the donor in the amount of \$51,375 for both fiscal years ended June 30, 2022 and 2021.

11. Line of Credit

The Foundation also maintains a \$4,000,000 line of credit at a financial institution to mature in February 2023 with options to renew. The line bears an interest rate at the 30 day LIBOR rate plus 2.60%, but not less than 3.60%, and is unsecured, and is subject to certain specific covenants in its agreement. As of June 30, 2022, there was \$1,524,000 outstanding for the line of credit account at a rate of 3.60%.

12. Notes Payable

On March 29, 2021, the Foundation received a loan in the amount of \$395,435 under the Paycheck Protection Program created as a part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at a fixed rate of 1.0%, but payments are not required to begin for 10 months after the 24 month covered period from the date the loan was funded. The term of the loan is 5 years from the of funding of the loan. In June 2022, the loan was forgiven and is included in other revenue in the statement of activities and changes in net assets for the year ended June 30, 2022.

On August 12, 2021, the Foundation received a loan in the amount of \$4,675,000 for the purchase of property near campus for future development. The loan is collateralized by an interest in the property and assignment of lease rents. The loan accrues interest at a fixed rate of 3.5%, but payments are interest only for the first six months from the date the loan was funded and amortized over 300 months. The term of the loan is 5 years from the of funding of the loan.

The Foundation's scheduled debt maturities are as follows:

2023	\$	118,322
2024		122,155
2025		126,996
2026		131,577
2027		4,136,656
	\$	<u>4,635,706</u>

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

13. Endowments

The Foundation manages endowments for the benefit of the LSU Health Sciences Center. These endowments consist of funds raised for memorials, scholarships and awards along with Chairs and Professorships as defined by the Louisiana Board of Regents. The State of Louisiana enacted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) effective August 15, 2010, the provisions of which apply to endowment funds existing on or established after that date. The Board of Regents also has a policy statement that applies to the management of the endowments that received matching funds through their program.

The Foundation's endowment includes donor-restricted funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation further adheres to the policies adopted by the Louisiana Board of Regents and applies their Statement of Investment Policy and Objectives to the Foundation's management of Chairs, Professorships, and Student Scholarships. The Chairs program allows for eligible public matching funds totaling 40% of established thresholds to be received after successfully raising 60% of the goal in private contributions. The Professorships program allows for eligible public matching funds totaling 20% of established thresholds to be received after successfully raising 80% of the goal in private contributions. The Student Scholarships program allows for eligible public matching funds totaling 40% of established threshold to be received after successfully raising 60% of the goal in private contributions. The public matching funds are shown as amounts held in custody for others in the statements of financial position. Increases (decreases) in the endowment values below are due to changes in contributions received, investment earnings, matching funds received, and spending allocations.

The Foundation's investment portfolio is actively managed by an independent management consultant under the specific direction of the Foundation's Investment Committee. The Foundation's internal investment policy allows for the growth of each endowment while also achieving a 5% maximum annual spending allocation. The goal is for each endowment to maintain an adequate purchasing power while also actively benefitting the needs of the program supported by a particular endowment.

At June 30, the Foundation had the following endowment net asset composition:

	<u>2022</u>	<u>2021</u>
Without donor restriction	\$ 376,713	\$ 362,550
With donor restriction	<u>110,774,960</u>	<u>124,466,251</u>
Total endowment funds	<u><u>\$ 111,151,673</u></u>	<u><u>\$ 124,828,801</u></u>

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

13. Endowments (continued)

A summary of the changes in the Foundation's Endowment net assets for the year ended June 30, 2022 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, July 1, 2021	\$ 362,550	\$ 124,466,251	\$ 124,828,801
Investment return, net	-	(12,340,237)	(12,340,237)
Contributions/transfers	100,000	5,386,569	5,486,569
Appropriated for expenditure	<u>(85,837)</u>	<u>(6,737,623)</u>	<u>(6,823,460)</u>
Endowment net assets, June 30, 2022	<u>\$ 376,713</u>	<u>\$ 110,774,960</u>	<u>\$ 111,151,673</u>

A summary of the changes in the Foundation's Endowment net assets for the year ended June 30, 2021 is as follows:

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Endowment net assets, July 1, 2020	\$ 379,447	\$ 98,709,444	\$ 99,088,891
Investment return, net	-	29,316,929	29,316,929
Contributions/transfers	-	2,127,190	2,127,190
Appropriated for expenditure	<u>(16,897)</u>	<u>(5,687,312)</u>	<u>(5,704,209)</u>
Endowment net assets, June 30, 2021	<u>\$ 362,550</u>	<u>\$ 124,466,251</u>	<u>\$ 124,828,801</u>

14. Fair Value of Financial Instruments

FASB ASC 820, Fair Value Measurements and Disclosures ("ASC 820") and FASB ASC 825, Financial Instruments ("ASC 825") requires disclosure of fair value information about financial instruments. The fair value of a financial instrument is 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. Fair value is best determined based upon quoted market prices. However, in some instances, there are no quoted market prices for the Foundation's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. ASC 825 excludes certain financial instruments from its disclosure requirements.

LSU HEALTH FOUNDATION, NEW ORLEANS
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NOTES TO FINANCIAL STATEMENTS

14. Fair Value of Financial Instruments (continued)

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 Quoted prices in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

Investment in corporate bonds, mutual funds, equities, and REITS – The fair value of investment securities including corporate bonds and notes, hedge funds and mutual funds and other equities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quoted prices are not available, fair value is based on externally developed models that use unobservable inputs due to the limited market activity of the investment.

Private equity, private debt and private real assets – This category includes investments in buyouts, growth equity, venture capital, real estate (debt and or property) oil and gas, private debt and other illiquid investments in limited partnership form. The unfunded commitments related to the private equity investments and real assets is \$3,574,168 and \$1,347,627, respectively, as of June 30, 2022. The nature of the investments in this category are limited partnerships that call capital from the unfunded commitment balances to make new private investments. Distributions are received through the liquidation of the underlying assets of the limited partnerships with the average 10-year life of the limited partnership. The fair value of all private asset (equity, debt or real assets) is calculated from the net asset value of the Foundation's ownership interest in these limited partnerships. The private equity funds have a life ranging from 7 to 10 years with potential extensions available. The Foundation's investments in these limited partnerships are available for drawdown for a maximum of five years from initial inception of the investment.

Hedge funds – Value is determined by the General Partner in accordance with the partnership agreement. The General Partner estimates the fair value of the Fund's investments in investment funds on the basis of the net asset value (NAV) per share of the investment (or its equivalent), as a practical expedient, wherever a) the underlying investment manager's calculation of NAV is fair value based, and b) the NAV has been calculated as of the Fund's fiscal year end date.

The Foundation also holds a note receivable which is convertible into equity securities to investors on or before the date of repayment in full of the note in an equity financing resulting in gross proceeds to the issuer of at least \$6,000,000. At which time the outstanding principal balance of the note shall automatically convert in whole without any further action by the Foundation into such equity securities at a conversion price equal to 80% of the per unit or share price paid by the investors and otherwise on the same terms and conditions as given to investors.

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

14. Fair Value of Financial Instruments (continued)

The valuation of the Foundation's assets measured at fair value on a recurring basis at June 30, 2022 and 2021 are as follows:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Corporate stocks and convertible debt	\$ 10,136,655	\$ -	\$ 750,000	\$ 10,886,655
Mutual funds and other equities	33,789,749	-	-	33,789,749
Money market	-	4,231,771	-	4,231,771
	<u>\$ 43,926,404</u>	<u>\$ 4,231,771</u>	<u>\$ 750,000</u>	<u>48,908,175</u>
Hedge funds, private equity funds and other funds valued at NAV (a)				<u>112,758,732</u>
				<u>\$ 161,666,907</u>

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Corporate stocks and convertible debt	\$ 12,660,958	\$ -	\$ 500,000	\$ 13,160,958
Mutual funds and other equities	47,685,891	-	-	47,685,891
Money market	-	3,582,277	-	3,582,277
	<u>\$ 60,346,849</u>	<u>\$ 3,582,277</u>	<u>\$ 500,000</u>	<u>64,429,126</u>
Hedge funds, private equity funds and other funds valued at NAV (a)				<u>122,030,169</u>
				<u>\$ 186,459,295</u>

(a) Hedge funds, and private equity funds, and other investments are measured using NAV as a practical expedient. These investments have not been classified in the fair value hierarchy table. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

During the years ended June 30, 2022 and 2021, the Foundation made purchases of investments classified as Level 3 under the fair value hierarchy of \$250,000 and \$200,000, respectively.

LSU HEALTH FOUNDATION, NEW ORLEANS
NEW ORLEANS, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

15. Restricted Net Assets

Net assets without donor restrictions may be designated by the Board of Directors for certain purposes. These funds are not considered donor-restricted, carry no legal restrictions on spending by the Foundation, and may be undesignated by the Board at any time. The Board has designated net assets without donor restrictions as follows:

	<u>2022</u>	<u>2021</u>
Chancellor and deans' discretionary support funds	\$ 376,713	\$ 362,550

Net Assets subject to expenditure for specified purpose are at June 30 as follows:

	<u>2022</u>	<u>2021</u>
Awards	\$ 347,396	\$ 349,545
Chairs and superchairs	64,485,397	71,329,718
Gift annuities	182,000	266,250
Grants	2,010,123	268,293
Lectureships	964,238	1,209,977
Memorials	318,103	371,267
Professorships	30,864,376	35,752,794
Scholarships	14,978,388	16,342,855
Other donor restrictions	17,362,357	15,367,119
Total subject to expenditure for specified purpose or period	<u>\$ 131,512,378</u>	<u>\$ 141,257,818</u>

16. Related Party Transactions

In the normal course of business, the Foundation reimburses the LSU Health Sciences Center for certain expenses and makes distributions to or on behalf of the Health Sciences Center. The Foundation also provides certain services for the Health Sciences Center. Included in expenses for the years ended June 30, 2022 and 2021 are \$6,776,588 and \$8,881,510, respectively, which represent payments on behalf of the Health Sciences Center. At June 30, 2022 and 2021, the Foundation has no receivables for either year from the Health Sciences Center, and payables to the Health Sciences Center of \$732,723 and \$42, respectively.

Members of the Foundation's board of directors and parties related to them made contributions of \$929,985 and \$610,457 for the years ended June 30, 2022 and 2021, respectively.

17. Leased Property

The Foundation leases income producing property to further its mission supporting the LSU Health Sciences Center in New Orleans. Leases incorporate property owned by the Foundation (Footnote 6) and property leased by the Foundation for other auxiliary purposes.

LSU HEALTH FOUNDATION, NEW ORLEANS
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NOTES TO FINANCIAL STATEMENTS

17. Leased Property (continued)

2000 Tulane Avenue

In October 2014, the Foundation entered a lease with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (“LSU”) for office space at 2000 Tulane Avenue. The initial term was one year with optional terms that continue through April 2022. The annual payment totals \$138,453. As of April 2022, the lease expired and was not renewed.

In August 2016, the Foundation entered a lease with a tenant for office space at 2000 Tulane Avenue. The initial term was five years with the renewal term expiring September 2024. The lease was renegotiated in October 2021 for three years with one two-year renewal option. The annual payment totals \$130,680 with increases each successive year.

In September 2018, the Foundation entered a lease with a tenant for retail space at 2000 Tulane Avenue. The initial term was five years with three five-year extension terms. The annual payment totals \$52,500 with increases each successive term.

In September 2018, the Foundation entered a lease with a tenant for retail space at 2000 Tulane Avenue. The initial term was two five-year terms with five five-year extension terms. The annual payment totals \$33,996 with increases each successive term.

601 South Galvez

In August 2021, a lease was executed with a tenant for retail and warehouse space at 601 South Galvez. The term of the lease is two years. The annual payment totals \$318,100. The tenant has an option to extend the renewal for one year.

In October 2021, a lease was executed with a tenant for warehouse space at 601 South Galvez. The term of the lease is five years. The annual payment totals \$143,700 with annual increases. The tenant has an option to renew the lease for ten years.

LSU Health Fitness Center

In December 2017, the Foundation through a cooperative endeavor agreement with the Algiers Development District, assumed management operations for the Riverside Fitness Center in Algiers, Louisiana and branded the facility LSU Health Fitness. The term ends in December 2047 and no lease obligation exists beyond operating the facility. As of April 2022, the agreement with Algiers Development District was terminated.

In June 2020, the Foundation entered a contract with a physical therapist to operate and sublease space at the LSU Health Fitness facility. The initial term is one year with two three-year options to extend the contract. The annual payments from the operator for the initial term total \$18,000. Annual payments for options to extend the contract increase thereafter. As of April 2022, the contract was terminated with the Foundation and assigned to Algiers Development District.

LSU HEALTH FOUNDATION, NEW ORLEANS
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NOTES TO FINANCIAL STATEMENTS

17. Leased Property (continued)

Mariner's Village – Mandeville, Louisiana

In July 2021, a ground lease was executed with a developer for undeveloped property in Mandeville, Louisiana. The term of the lease is ninety-nine years commencing on the earlier of the date of construction or the first day of the calendar month after the design and financing period. Ground lease payments will begin at the start of the construction period and increase for each phase of the development. When all phases are executed, total annual payments will be \$600,000 with Consumer Price Index adjustments over the term of the lease.

Other Non-Owned Leased Property

In October 2020, a cooperative endeavor and lease agreement was signed between the Foundation and the LSU Health Sciences Center New Orleans (the Housing Agreement). Land was donated to the Foundation by a private developer. The land was then donated by the Foundation to LSU Health Sciences Center New Orleans to allow for the development and construction of student housing. The term of the agreement is fifty years with annual payments totaling \$1,000. On the same day the LSUHSC – New Orleans lease was executed, a ground sublease agreement was executed with the developer and the Foundation to build and operate student housing on the property. The term of the agreement is either the earlier of forty years or when the financing is extinguished, at which time the building will be donated to the Foundation. Annual payments total \$1,000 and an amount equal to the annual surplus cash flow as additional ground rent, if any.

In October 2020, a sublease agreement was executed between the Foundation and a tenant for Butterworth and Hutchinson buildings that are leased by the Foundation from LSUHSC – New Orleans. The term is five years from the effective date and the tenant occupied the building in January 2021. Annual payments for the first twelve months total \$131,652 and subsequent annual payments total \$258,633 until the agreement expires. In December 2020, the Foundation executed an agreement with LSUHSC – New Orleans to lease the subleased property for five years from the effective date. Annual payments to LSUHSC – New Orleans for the first twelve months total \$112,148 and subsequent annual payments total \$220,317 until the agreement expires.

In November 2021, a sublease agreement was executed between the Foundation and a tenant and nursing home operator for temporary use and partial occupancy of the Stanislaus building that is leased by the Foundation from LSUHSC – New Orleans. The term is one year from the effective date and month-to-month thereafter. The tenant occupied the building in November 2021. Annual payments for the first twelve months total \$511,610. At the same time, the Foundation executed an agreement with LSUHSC – New Orleans to lease the subleased property for one year from the effective date and month-to-month thereafter. Annual payments to LSUHSC – New Orleans for the first twelve months total \$401,609.

LSU HEALTH FOUNDATION, NEW ORLEANS
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NOTES TO FINANCIAL STATEMENTS

17. Leased Property (continued)

Future minimum lease payments and receipts under these leases for the next 5 years are as follows at June 30, 2022:

	Future Minimum Lease Payments	Future Minimum Lease Receipts
2023	\$ 355,187	\$ 1,139,677
2024	221,317	661,747
2025	221,317	532,886
2026	111,159	327,359
2027	1,000	51,888
Thereafter	43,000	163,900
	<u>\$ 952,980</u>	<u>\$ 2,877,457</u>

18. Joint Venture Agreement

On March 9, 2022, the Foundation entered into a joint venture agreement with a private partner to create Louisiana Student Works. The joint venture was created to provide post-secondary students seeking part-time employment or paid internships with employers seeking staffing in the State of Louisiana. Any revenue generated from the agreement will be split 50% for each partner. Other requirements by each party are outlined in the joint venture agreement. As of June 30, 2022, no revenue was allocated by the joint venture.

19. Subsequent Events

In July 2022, the Foundation purchased multiple properties for future campus development in the amount of \$1,715,000.

Subsequent events have been evaluated through November 18, 2022, the date the financial statements were available to be issued, and determined that no events occurred, other than described above, which require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**INDEPENDENT AUDITORS’ 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**

Board of Directors
LSU Health Foundation, New Orleans
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of LSU Health Foundation, New Orleans (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LSU Health Foundation, New Orleans’ 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of LSU Health Foundation, New Orleans’ internal control. Accordingly, we do not express an opinion on the effectiveness of LSU Health Foundation, New Orleans’ internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LSU Health Foundation, New Orleans' 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 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
November 18, 2022

LSU HEALTH FOUNDATION NEW ORLEANS
Statements of Financial Position

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,988,200	\$ 1,506,953
Restricted cash and cash equivalents	-	-
Investments	4,231,772	3,582,277
Accrued interest receivable		
Accounts receivables, net	746,865	167,786
Unconditional promises to give	2,177,166	979,678
Deferred charges and prepaid expenses	346,735	357,262
Other current assets	-	-
Total current assets	9,490,738	6,593,956
Noncurrent Assets		
Restricted Assets:		
Cash and cash Equivalents	-	-
Investments	-	-
Other	-	-
Investments	157,435,135	182,877,018
Unconditional promises to give	1,710,047	526,086
Capital assets, net:		
Land	14,181,524	8,604,630
Buildings and improvements	7,597,341	7,224,284
Machinery and equipment	-	-
Infrastructure	-	-
Intangible assets	-	-
Construction in progress	1,739,259	1,613,330
Other noncurrent assets	-	-
Total noncurrent assets	182,663,306	200,845,348
Total Assets	\$ 192,154,044	\$ 207,439,304
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 1,308,503	\$ 571,295
Amounts held in custody for others	-	-
Deferred revenues		
Other current liabilities	51,375	51,375
Current portion of long-term liabilities:		
Compensated absences	-	-
Lease liability	-	-
Line of credit	1,524,000	1,524,000
Notes payable	118,322	395,435
Bonds payable	-	-
Other long-term liabilities	-	-
Total current liabilities	3,002,200	2,542,105
Noncurrent Liabilities		
Amounts held in custody for others	32,937,028	41,422,408
Compensated absences payable	-	-
Lease liability	-	-
Notes payable	4,517,384	-
Bonds payable	-	-
Deferred revenues	-	-
Other noncurrent liabilities	164,855	210,819
Total noncurrent liabilities	37,619,267	41,633,227
Total Liabilities	40,621,467	44,175,332
NET ASSETS		
Without donor restrictions	20,020,199	22,006,154
With donor restrictions	131,512,378	141,257,818
Total net assets	151,532,577	163,263,972
Total liabilities and and net assets	\$ 192,154,044	\$ 207,439,304

See independent auditors' report.

LSU HEALTH FOUNDATION NEW ORLEANS
Statements of Net Position

	2022	2021	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,988,200	\$ 1,506,953	
Restricted cash and cash equivalents	-	-	
Investments	4,231,772	3,582,277	
Receivables, net	746,865	167,786	
Pledges receivable, net	2,177,166	979,678	
Leases receivable, net	-	-	
Due from other campuses	-	-	
Due from Primary Government	-	-	
Due from Federal Government	-	-	
Inventories	-	-	
Prepaid expenses and advances	346,735	357,262	
Notes receivable, net	-	-	
Other current assets	-	-	
Total current assets	9,490,738	6,593,956	
Noncurrent Assets			
Restricted Assets:			
Cash and cash Equivalents	-	-	
Investments	-	-	
Receivables, net	-	-	
Notes receivable	-	-	
Other restricted assets	-	-	
Investments	157,435,135	182,877,018	
Pledges receivable	1,710,047	526,086	
Leases receivable, net	-	-	
Capital assets, net:			
Land	14,181,524	8,604,630	
Buildings and improvements	7,597,341	7,224,284	
Machinery and equipment	-	-	
Infrastructure	-	-	
Intangible assets	-	-	
Construction in progress	1,739,259	1,613,330	
Other noncurrent assets	-	-	
Total noncurrent assets	182,663,306	200,845,348	
Total Assets	192,154,044	207,439,304	
Deferred outflows of resources			
Deferred amounts on debt refunding	-	-	
OPEB-related deferred outflows of resources	-	-	
Pension-related deferred outflows of resources	-	-	
Total deferred outflows of resources	-	-	
Total Assets and Deferred Outflow of Resources	\$ 192,154,044	\$ 207,439,304	
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 1,308,503	\$ 571,295	
Due to other campuses	-	-	
Due to Federal Government	-	-	
Amounts held in custody for others	-	-	
Unearned revenues	-	-	
Line of credit	1,524,000	1,524,000	
Other current liabilities	-	-	
Current portion of long-term liabilities:			
Compensated absences	-	-	
Lease liability	-	-	
Notes payable	118,322	395,435	
Bonds payable	-	-	
Other long-term liabilities	-	-	
Total current liabilities	2,950,825	2,490,730	
Noncurrent Liabilities			
Compensated absences payable	-	-	
Amounts held in custody for others	32,937,028	41,422,408	
Lease liability	-	-	
Notes payable	4,517,384	-	
Bonds payable	-	-	
OPEB liability	-	-	
Net pension liability	-	-	
Unearned revenues	-	-	
Other noncurrent liabilities	-	-	
Total noncurrent liabilities	37,454,412	41,422,408	
Total Liabilities	40,405,237	43,913,138	
Deferred inflows of resources			
Split interest agreements	216,230	262,194	
OPEB-related deferred inflows of resources	-	-	
Pension-related deferred inflows of resources	-	-	
Total deferred inflows of resources	216,230	262,194	
NET POSITION			
Net investment in capital assets	18,882,418	17,442,244	
Restricted for:	-	-	
Nonexpendable	110,774,960	124,466,251	
Expendable	20,737,418	16,791,567	
Unrestricted	1,137,781	4,563,910	
Total net position	151,532,577	163,263,972	
Total liabilities, deferred inflows of resources, and net position	\$ 192,154,044	\$ 207,439,304	

See independent auditors' report.

LSU HEALTH FOUNDATION NEW ORLEANS
Statements of Activities

	2022	2021
Changes in net assets without donor restrictions:		
Operating activities		
Contributions	\$ 1,048,010	\$ 2,962,802
Investment earnings (loss), net	(2,331,089)	6,580,926
Service fees	2,599,636	2,419,118
Other revenues	1,898,016	1,464,800
Total revenue without donor restrictions	3,214,573	13,427,646
Net assets released from donor restrictions:		
Reclassification in net assets	-	-
Satisfaction of purpose restrictions	11,142,062	8,813,755
Total operating revenues and other support	14,356,635	22,241,401
Expenses:		
Amounts paid to benefit Universities for:		
Projects specified by donors	6,027,563	8,200,597
Projects specified by the Board of Directors	-	-
Other:		
Grants and contracts	3,292,795	3,118,514
Property operations	169,658	218,082
Other	2,568,219	1,426,122
Total program expenses	12,058,235	12,963,315
Supporting services:		
Salaries and benefits	2,174,051	1,909,900
Occupancy	126,841	142,573
Office operations	384,590	218,152
Travel	184,146	16,496
Professional services	502,916	314,173
Dues and subscriptions	199,743	134,364
Meetings and development	4,181	847
Depreciation	241,859	214,906
Other	466,028	120,442
Total supporting services	4,284,355	3,071,853
Fund-raising expenses	-	-
Total expenses	16,342,590	16,035,168
Excess operating revenues over expenses	\$ (1,985,955)	\$ 6,206,233
Changes in net assets without donor restrictions:		
Nonoperating activities		
Description	\$ -	\$ -
Description	-	-
Description	-	-
Description	-	-
Description	-	-
Total nonoperating activities	\$ -	\$ -
Change in net assets without donor restrictions	\$ (1,985,955)	\$ 6,206,233
Changes in net assets with donor restrictions:		
Contributions	\$ 12,186,618	\$ 5,680,427
Investment earnings (loss), net	(10,789,996)	29,316,930
Changes in value of split interest agreements		
Transfers	-	-
Other	-	-
Total	1,396,622	34,997,357
Net assets released from restrictions:		
Reclassification in net assets	-	-
Satisfaction of purpose restrictions	(11,142,062)	(8,813,755)
Change in temporarily restricted net assets	\$ (9,745,440)	\$ 26,183,602
Change in net assets	(11,731,395)	32,389,835
Net assets at beginning of year	163,263,972	130,874,137
Net assets at end of year	\$ 151,532,577	\$ 163,263,972

See independent auditors' report.

LSU HEALTH FOUNDATION NEW ORLEANS
Statements of Revenues, Expenses, and Changes in Net Position

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Student tuition and fees	\$ -	\$ -
Less scholarship allowances	-	-
Net student tuition and fees	<u>-</u>	<u>-</u>
Gifts received by the foundations (CU only)	7,848,059	6,516,039
Endowment income (component units only)	(10,789,996)	29,316,930
Federal appropriations	-	-
Federal grants and contracts	-	-
State and local grants and contracts	-	-
Nongovernmental grants and contracts	-	-
Sales and services of educational departments	-	-
Hospital income	-	-
Auxiliary enterprise revenues (including revenues pledged to secure debt)	-	-
Less scholarship allowances	-	-
Net auxiliary revenues	<u>-</u>	<u>-</u>
Other operating revenues	4,497,652	3,883,918
Total operating revenues	<u>1,555,715</u>	<u>39,716,887</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	-	-
Research	-	-
Public service	-	-
Academic support	-	-
Student services	-	-
Institutional support	-	-
Operation and maintenance of plant	-	-
Scholarships and fellowships	-	-
Auxiliary enterprises	-	-
Hospital	-	-
Other operating expenses (CU only)	4,284,355	3,071,853
Total operating expenses	<u>4,284,355</u>	<u>3,071,853</u>
OPERATING INCOME (LOSS)	<u>(2,728,640)</u>	<u>36,645,034</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	-	-
Gifts	-	-
Federal nonoperating revenues (expenses)	-	-
Net investment income	(2,331,089)	6,580,926
Interest expense	-	-
Payments to or on behalf of the university (CU only)	(12,058,235)	(12,963,315)
Other nonoperating revenues (expenses)	-	-
Net nonoperating revenues (expenses)	<u>(14,389,324)</u>	<u>(6,382,389)</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	<u>(17,117,964)</u>	<u>30,262,645</u>
Capital appropriations	-	-
Capital gifts and grants	-	-
Additions to permanent endowments	5,386,569	2,127,190
Other additions, net	-	-
Transfer to/from other LSU campuses	-	-
CHANGE IN NET POSITION	<u>(11,731,395)</u>	<u>32,389,835</u>
Net position at beginning of year, restated	163,263,972	130,874,137
Net position at end of year	<u>\$ 151,532,577</u>	<u>\$ 163,263,972</u>

See independent auditors' report.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

1.B. Reporting Entity - Discretely Presented Component Units

Name: LSU Health Foundation New Orleans

Mailing Address: 2000 Tulane Avenue, 4th Floor
New Orleans, Louisiana 70112

Website: www.lsuhealthfoundatoin.org

Please provide a brief description of the component unit including its relationship to the University; a discussion of the criteria for including it; how it is reported, and the nature and amount of significant transactions between the university and the

Description	LSU Health Foundation, New Orleans is a legally separate, tax-exempt organization supporting the LSU Health Sciences Center. The Foundation is a nonprofit organization that reports under the Financial Accounting Standards Board (FASB) standards as set forth in its codification (ASC), including FASB ASC Topic 958. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundations' financial information in the System's financial report for these differences.
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During the current fiscal year, distributions to or on behalf of the university for both restricted and unrestricted purposes totaled:

\$	12,058,235.00
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prior year
12,963,315.00

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

2. Cash and Cash Equivalents

please review information below and update as necessary:

The LSU Health Foundation, New Orleans considers all highly-liquid investments in money market funds and investments available for current use with an initial maturity of three months or less to be cash equivalents.

changes if any needed:

none

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

3.1 Investments - Fair Value

Please list all investments and their reported fair values.

Types of Investment	<u>Fair Value</u>	<u>prior year</u>
Money market/certificates of deposit	\$ 4,231,771	\$ 3,582,277
Debt obligations	-	-
Corporate stocks, common stocks, and index mutual funds	10,136,655	12,660,958
Royalty interest	-	-
Mutual funds	33,789,749	47,685,891
LSU Foundation investment pool	-	-
Charitable gift annuity	-	-
Short-term investments	-	-
Private equity	4,508,996	2,058,792
Hedge funds	18,115,260	19,784,310
Venture capital	-	-
Group variable annuity	-	-
Municipal bonds	-	-
Commingled funds	83,921,407	96,575,005
Structured investments	-	-
Separately managed accounts	-	-
Other: (please describe below)	-	-
Real assets	6,213,069	3,612,062
Convetible debt	750,000	500,000
	-	-
	-	-
	-	-
	<u>\$ 161,666,907</u>	<u>\$ 186,459,295</u>

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

5. Capital Assets

	A	B	C	D			
	Balance	Prior Period	Restated Balance		Balance		
	6/30/2021	Adjustment	6/30/2021	Additions	Transfers	Retirements	6/30/2022
Capital assets not being depreciated:							
Land	\$ 8,604,630	\$ -	\$ 8,604,630	\$ 5,576,894	\$ -	\$ -	\$ 14,181,524
Capitalized collections	-	-	-	-	-	-	-
Construction in progress	1,613,330	-	1,613,330	125,929	-	-	1,739,259
Total capital assets not being depreciated	<u>\$ 10,217,960</u>	<u>\$ -</u>	<u>\$ 10,217,960</u>	<u>\$ 5,702,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,920,783</u>
Other capital assets:							
Infrastructure	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Land improvements	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	8,908,842	-	8,908,842	609,751	-	-	9,518,593
Less accumulated depreciation	(1,684,558)	-	(1,684,558)	(236,694)	-	-	(1,921,252)
Total buildings	<u>7,224,284</u>	<u>-</u>	<u>7,224,284</u>	<u>373,057</u>	<u>-</u>	<u>-</u>	<u>7,597,341</u>
Equipment (including library books)	206,788	-	206,788	-	-	-	206,788
Less accumulated depreciation	(206,788)	-	(206,788)	-	-	-	(206,788)
Total equipment	-	-	-	-	-	-	-
Software (internally generated and purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
Less accumulated amortization - software	-	-	-	-	-	-	-
Less accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-
Total other capital assets	<u>\$ 7,224,284</u>	<u>\$ -</u>	<u>\$ 7,224,284</u>	<u>\$ 373,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,597,341</u>
Capital asset summary:							
Capital assets not being depreciated	\$ 10,217,960	\$ -	\$ 10,217,960	\$ 5,702,823	\$ -	\$ -	\$ 15,920,783
Other capital assets, at cost	9,115,630	-	9,115,630	609,751	-	-	9,725,381
Total cost of capital assets	<u>19,333,590</u>	<u>-</u>	<u>19,333,590</u>	<u>6,312,574</u>	<u>-</u>	<u>-</u>	<u>25,646,164</u>
Less accumulated depreciation and amortization	<u>(1,891,346)</u>	<u>-</u>	<u>(1,891,346)</u>	<u>(236,694)</u>	<u>-</u>	<u>-</u>	<u>(2,128,040)</u>
Capital assets, net	<u>\$ 17,442,244</u>	<u>\$ -</u>	<u>\$ 17,442,244</u>	<u>\$ 6,075,880</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,518,124</u>

- A. Should equal the previous year AUDITED ending balance.
- B. Please also describe why restated on Note 16 - Restatement of Net Position.
- C. Should only be used for completed projects being removed from construction in progress into an asset classification.
- D. Enter negative numbers except for accumulated depreciation rows.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

11. Operating Leases

The following leases were included as disclosures in the footnotes in prior year financial statements, please review and update in box below:

2000 Tulane Avenue

In October 2014, the Foundation entered a lease with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (“LSU”) for office space at 2000 Tulane Avenue. The initial term was one year with optional terms that continue through April 2022. The annual payment totals \$138,453. As of April 2022, the lease expired and was not renewed.

In August 2016, the Foundation entered a lease with a tenant for office space at 2000 Tulane Avenue. The initial term was five years with the renewal term expiring September 2024. The lease was renegotiated in October 2021 for three years with one two-year renewal option. The annual payment totals \$130,680 with increases each successive year.

In September 2018, the Foundation entered a lease with a tenant for retail space at 2000 Tulane Avenue. The initial term was five years with three five-year extension terms. The annual payment totals \$52,500 with increases each successive term.

In September 2018, the Foundation entered a lease with a tenant for retail space at 2000 Tulane Avenue. The initial term was two five-year terms with five five-year extension terms. The annual payment totals \$33,996 with increases each successive term.

601 South Galvez

In August 2021, a lease was executed with a tenant for retail and warehouse space at 601 South Galvez. The term of the lease is two years. The annual payment totals \$318,100. The tenant has an option to extend the renewal for one year.

In October 2021, a lease was executed with a tenant for warehouse space at 601 South Galvez. The term of the lease is five years. The annual payment totals \$143,700 with annual increases. The tenant has an option to renew the lease for ten years.

LSU Health Fitness Center

In December 2017, the Foundation through a cooperative endeavor agreement with the Algiers Development District, assumed management operations for the Riverside Fitness Center in Algiers, Louisiana and branded the facility LSU Health Fitness. The term ends in December 2047 and no lease obligation exists beyond operating the facility. As of April 2022, the agreement with Algiers Development District was terminated.

In June 2020, the Foundation entered a contract with a physical therapist to operate and sublease space at the LSU Health Fitness facility. The initial term is one year with two three-year options to extend the contract. The annual payments from the operator for the initial term total \$18,000. Annual payments for options to extend the contract increase thereafter. As of April 2022, the contract was terminated with the Foundation and assigned to Algiers Development District.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

Mariner's Village – Mandeville, Louisiana

In July 2021, a ground lease was executed with a developer for undeveloped property in Mandeville, Louisiana. The term of the lease is ninety-nine years commencing on the earlier of the date of construction or the first day of the calendar month after the design and financing period. Ground lease payments will begin at the start of the construction period and increase for each phase of the development. When all phases are executed, total annual payments will be \$600,000 with Consumer Price Index adjustments over the term of the lease.

Other Non-Owned Leased Property

In October 2020, a cooperative endeavor and lease agreement was signed between the Foundation and the LSU Health Sciences Center New Orleans (the Housing Agreement). Land was donated to the Foundation by a private developer. The land was then donated by the Foundation to LSU Health Sciences Center New Orleans to allow for the development and construction of student housing. The term of the agreement is fifty years with annual payments totaling \$1,000. On the same day the LSUHSC – New Orleans lease was executed, a ground sublease agreement was executed with the developer and the Foundation to build and operate student housing on the property. The term of the agreement is either the earlier of forty years or when the financing is extinguished, at which time the building will be donated to the Foundation. Annual payments total \$1,000 and an amount equal to the annual surplus cash flow as additional ground rent, if any.

In October 2020, a sublease agreement was executed between the Foundation and a tenant for Butterworth and Hutchinson buildings that are leased by the Foundation from LSUHSC – New Orleans. The term is five years from the effective date and the tenant occupied the building in January 2021. Annual payments for the first twelve months total \$131,652 and subsequent annual payments total \$258,633 until the agreement expires. In December 2020, the Foundation executed an agreement with LSUHSC – New Orleans to lease the subleased property for five years from the effective date. Annual payments to LSUHSC – New Orleans for the first twelve months total \$112,148 and subsequent annual payments total \$220,317 until the agreement expires.

In November 2021, a sublease agreement was executed between the Foundation and a tenant and nursing home operator for temporary use and partial occupancy of the Stanislaus building that is leased by the Foundation from LSUHSC – New Orleans. The term is one year from the effective date and month-to-month thereafter. The tenant occupied the building in November 2021. Annual payments for the first twelve months total \$511,610. At the same time, the Foundation executed an agreement with LSUHSC – New Orleans to lease the subleased property for one year from the effective date and month-to-month thereafter. Annual payments to LSUHSC – New Orleans for the first twelve months total \$401,609.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

Please provide description with significant terms for any new leases below:

2000 Tulane Avenue

In October 2014, the Foundation entered a lease with the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College (“LSU”) for office space at 2000 Tulane Avenue. The initial term was one year with optional terms that continue through April 2022. The annual payment totals \$138,453. As of April 2022, the lease expired and was not renewed.

601 South Galvez

In August 2021, a lease was executed with a tenant for retail and warehouse space at 601 South Galvez. The term of the lease is two years. The annual payment totals \$318,100. The tenant has an option to extend the renewal for one year.

In October 2021, a lease was executed with a tenant for warehouse space at 601 South Galvez. The term of the lease is five years. The annual payment totals \$143,700 with annual increases. The tenant has an option to renew the lease for ten years.

LSU Health Fitness Center

In December 2017, the Foundation through a cooperative endeavor agreement with the Algiers Development District, assumed management operations for the Riverside Fitness Center in Algiers, Louisiana and branded the facility LSU Health Fitness. The term ends in December 2047 and no lease obligation exists beyond operating the facility. As of April 2022, the agreement with Algiers Development District was terminated.

In June 2020, the Foundation entered a contract with a physical therapist to operate and sublease space at the LSU Health Fitness facility. The initial term is one year with two three-year options to extend the contract. The annual payments from the operator for the initial term total \$18,000. Annual payments for options to extend the contract increase thereafter. As of April 2022, the contract was terminated with the Foundation and assigned to Algiers Development District.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

Mariner's Village – Mandeville, Louisiana

In July 2021, a ground lease was executed with a developer for undeveloped property in Mandeville, Louisiana. The term of the lease is ninety-nine years commencing on the earlier of the date of construction or the first day of the calendar month after the design and financing period. Ground lease payments will begin at the start of the construction period and increase for each phase of the development. When all phases are executed, total annual payments will be \$600,000 with Consumer Price Index adjustments over the term of the lease.

Other Non-Owned Leased Property

In November 2021, a sublease agreement was executed between the Foundation and a tenant and nursing home operator for temporary use and partial occupancy of the Stanislaus building that is leased by the Foundation from LSUHSC – New Orleans. The term is one year from the effective date and month-to-month thereafter. The tenant occupied the building in November 2021. Annual payments for the first twelve months total \$511,610. At the same time, the Foundation executed an agreement with LSUHSC – New Orleans to lease the subleased property for one year from the effective date and month-to-month thereafter. Annual payments to LSUHSC – New Orleans for the first twelve months total \$401,609.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

13.1 Notes Payable

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2021</u>	<u>Issued/ (Retired)</u>	<u>Outstanding June 30, 2022</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Future Interest Payments</u>
601 S. Galvez Building	August 12, 2021	\$ 4,675,000	\$ -	\$ 4,635,706	\$ 4,635,706	2027	3.5%	\$ 649,150
Paycheck Protection Program Loan	March 29, 2021	\$ 395,435	\$ 395,435	\$ (395,435)	\$ -	2022	1.0%	\$ -
Grand Total		<u>4,675,000</u>	<u>-</u>	<u>4,635,706</u>	<u>4,635,706</u>			<u>649,150</u>

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

13.1A Notes Payable Amortization

Schedule of Notes Payable Amortization
For the Year Ended June 30, 2022

Fiscal year ending June 30,	input cells below			Summary	Calculation - Please do not overwrite		
	Principal	Interest	Total		Principal	Interest	Total
2023	\$ 118,322	\$ 162,599	\$ 280,921	2023	\$ 118,322	\$ 162,599	\$ 280,921
2024	122,155	158,767	280,922	2024	122,155	158,767	280,922
2025	126,996	153,926	280,922	2025	126,996	153,926	280,922
2026	131,577	149,345	280,922	2026	131,577	149,345	280,922
2027	4,136,656	24,513	4,161,169	2027	4,136,656	24,513	4,161,169
2028	-	-	-	2028 - 2032	-	-	-
2029	-	-	-	2033 - 2037	-	-	-
2030	-	-	-	2038 - 2042	-	-	-
2031	-	-	-	2043 - 2047	-	-	-
2032	-	-	-	2048 - 2052	-	-	-
2033	-	-	-				
2034	-	-	-				
2035	-	-	-				
2036	-	-	-				
2037	-	-	-				
2038	-	-	-				
2039	-	-	-				
2040	-	-	-				
2041	-	-	-				
2042	-	-	-				
2043	-	-	-				
2044	-	-	-				
2045	-	-	-				
2046	-	-	-				
2047	-	-	-				
2048	-	-	-				
2049	-	-	-				
2050	-	-	-				
2051	-	-	-				
2052	-	-	-				
	<u>\$ 4,635,706</u>	<u>\$ 649,150</u>	<u>\$ 5,284,856</u>		<u>\$ 4,635,706</u>	<u>\$ 649,150</u>	<u>\$ 5,284,856</u>

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

13.2 Bonds Payable

New bonds require description below:

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Outstanding July 1, 2018</u>	<u>Issued/ (Retired)</u>	<u>Outstanding June 30, 2019</u>	<u>Maturities</u>	<u>Interest Rates</u>	<u>Future Interest Payments</u>
None	date	\$ -	\$ -	\$ -	\$ -	year	int rate	\$ -
Grand Total		-	-	-	-			-
Total Bond issuance costs		-	-	-	-			-
		-	-	-	-			-

Please provide new issue description below:

none

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

13.2A. Bonds Payable Amortization

Schedule of Bonds Payable Amortization
For the Year Ended June 30, 2022

Fiscal year ending June 30,	input cells below			Total	Summary	Calculation - Please do not overwrite		
	Principal	Interest				Principal	Interest	Total
2023	\$ -	\$ -	\$ -	-	2023	\$ -	\$ -	\$ -
2024	-	-	-	-	2024	-	-	-
2025	-	-	-	-	2025	-	-	-
2026	-	-	-	-	2026	-	-	-
2027	-	-	-	-	2027	-	-	-
2028	-	-	-	-	2028 - 2032	-	-	-
2029	-	-	-	-	2033 - 2037	-	-	-
2030	-	-	-	-	2038 - 2042	-	-	-
2031	-	-	-	-	2043 - 2047	-	-	-
2032	-	-	-	-	2048 - 2052	-	-	-
2033	-	-	-	-	Subtotal	-	-	-
2034	-	-	-	-	Unamortized	-	-	-
2035	-	-	-	-	premium/discount	-	-	-
2036	-	-	-	-	Issuance Cost	-	-	-
2037	-	-	-	-		\$ -	\$ -	\$ -
2038	-	-	-	-				
2039	-	-	-	-	check	-	-	-
2040	-	-	-	-				
2041	-	-	-	-				
2042	-	-	-	-				
2043	-	-	-	-				
2044	-	-	-	-				
2045	-	-	-	-				
2046	-	-	-	-				
2047	-	-	-	-				
2048	-	-	-	-				
2049	-	-	-	-				
2050	-	-	-	-				
2051	-	-	-	-				
2052	-	-	-	-				
Subtotal	-	-	-	-				
Unamortized discount	-	-	-	-	enter as negative number			
Unamortized premium	-	-	-	-				
Bond issuance cost	-	-	-	-				
	\$ -	\$ -	\$ -	-				

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

16. Restatement of Net Position

Prior year Ending Net Position	163,263,972
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Items identified during current fiscal year requiring a restatement:

Please provide a full explanation for each prior year restatement:

1 description	-
2 description	-
3 description	-
4 description	-
5	
6	
7	
8	
9	
10	
Beginning fund balance, as restated	<hr/> 163,263,972

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Supplementary Information Required by the State of Louisiana

23. Unconditional Promises to Give - Component Units

			prior year numbers
Promises to give expected to be collected in:			
Less than one year	\$ 3,349,487		\$ 1,507,135
One to five years	3,185,213		1,064,181
More than five years	374,647		15,500
Subtotal	<u>6,909,347</u>		<u>2,586,816</u>
Less discount on promises to give	(603,867)	enter as negative number	(175,673)
Less allowance for uncollectible accounts	(2,418,267)	enter as negative number	(905,379)
	<u>(3,022,134)</u>		<u>(1,081,052)</u>
Net unconditional promises to give	<u>\$ 3,887,213</u>		<u>\$ 1,505,764</u>