

**LSU HEALTH FOUNDATION,
NEW ORLEANS**

Audits of Financial Statements

June 30, 2023 and 2022



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of LSU Health Foundation, New Orleans (the Foundation), a non-profit organization, which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year 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 the Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year 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 (GAAS) 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 the Foundation 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 opinion.

Other Matter

The financial statements of the Foundation, as of and for the year ended June 30, 2022, were audited by other auditors, whose report dated November 18, 2022, expressed an unmodified opinion on those financial statements.

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 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 the Foundation's 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 GAAS 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 GAAS 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 the Foundation's 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 the Foundation's 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, revenues, expenses, and changes in net position, and notes to 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 September 12, 2023, 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.



A Professional Accounting Corporation

Covington, LA
September 12, 2023

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,434,225	\$ 1,988,200
Investments	2,815,252	4,231,772
Unconditional Promises to Give, Net	2,596,643	2,177,166
Accounts Receivable	274,150	746,865
Prepaid Expenses and Other Assets	180,358	294,357
Total Current Assets	7,300,628	9,438,360
Property and Equipment, Net	25,262,101	23,518,124
Other Assets		
Investments	164,797,554	157,435,135
Unconditional Promises to Give, Net	213,857	1,710,047
Operating Lease Right-of-Use Assets	516,195	-
Total Other Assets	165,527,606	159,145,182
Total Assets	\$ 198,090,335	\$ 192,101,666

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

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Financial Position (Continued)
June 30, 2023 and 2022

	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 1,579,779	\$ 1,308,503
Line of Credit	2,896,000	1,524,000
Split-Interest Agreements	51,375	51,375
Operating Lease Liability, Current Portion	187,343	-
Note Payable, Current Portion	122,155	118,322
Total Current Liabilities	4,836,652	3,002,200
Other Liabilities		
Amounts Held in Custody for Others	33,465,486	32,937,028
Split-Interest Agreements	148,397	164,855
Operating Lease Liability, Net of Current Portion	328,852	-
Note Payable, Net of Current Portion	4,355,950	4,465,006
Total Other Liabilities	38,298,685	37,566,889
Total Liabilities	43,135,337	40,569,089
Net Assets		
Without Donor Restrictions	18,224,893	19,671,812
Board-Designated	376,343	348,387
Total Without Donor Restrictions	18,601,236	20,020,199
With Donor Restrictions	136,353,762	131,512,378
Total Net Assets	154,954,998	151,532,577
Total Liabilities and Net Assets	\$ 198,090,335	\$ 192,101,666

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

LSU HEALTH FOUNDATION, NEW ORLEANS
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	\$ 120,642	\$ 6,520,317	\$ 6,640,959
Management and Deposit Fee Income	2,637,574	-	2,637,574
Investment Return, Net	1,441,979	9,227,235	10,669,214
Rental Income	1,632,092	-	1,632,092
Business Venture Revenue	46	-	46
Other Revenue	(24,415)	-	(24,415)
Net Assets Released from Donor Restrictions	10,906,168	(10,906,168)	-
Total Revenues, Gains, and Other Support	16,714,086	4,841,384	21,555,470
Expenses			
Program Services	11,961,434	-	11,961,434
General and Administrative	3,341,333	-	3,341,333
Development	2,830,282	-	2,830,282
Total Expenses	18,133,049	-	18,133,049
Change in Net Assets	(1,418,963)	4,841,384	3,422,421
Net Assets at Beginning of Year	20,020,199	131,512,378	151,532,577
Net Assets at End of Year	\$ 18,601,236	\$ 136,353,762	\$ 154,954,998

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

LSU HEALTH FOUNDATION, NEW ORLEANS
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support			
Contributions	\$ 398,010	\$ 12,186,618	\$ 12,584,628
Non-Cash Donation of Property, Net	650,000	-	650,000
Management and Deposit Fee Income	2,599,636	-	2,599,636
Investment Return, 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
Net Assets Released from Donor Restrictions	11,142,062	(11,142,062)	-
Total Revenues, Gains, and Other Support	14,356,635	(9,745,440)	4,611,195
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	16,342,590	-	16,342,590
Change in Net Assets	(1,985,955)	(9,745,440)	(11,731,395)
Net Assets at Beginning of Year	22,006,154	141,257,818	163,263,972
Net Assets at End of Year	\$ 20,020,199	\$ 131,512,378	\$ 151,532,577

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

LSU HEALTH FOUNDATION, NEW ORLEANS
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services			Supporting Services		
	Scientific, Research, and Educational Enhancement of The LSU Health Sciences Center	Other Program Services	Total Program Services	General and Administrative	Development	Total
Salary and Related Cost	\$ 2,219,198	\$ 239,653	\$ 2,458,851	\$ 1,568,251	\$ 1,298,419	\$ 5,325,521
Travel, Conferences, and Meetings	1,875,528	701	1,876,229	16,244	194,582	2,087,055
Deposit and Management Fees	2,637,574	3,250	2,640,824	41,629	-	2,682,453
Professional Services	698,798	11,615	710,413	470,606	464,079	1,645,098
Office Supplies and Equipment	1,245,099	11	1,245,110	110,441	45,718	1,401,269
Community and Campus Support	1,485,632	109	1,485,741	151	359,833	1,845,725
Dues, Subscriptions, and Databases	211,619	2,012	213,631	16,231	212,460	442,322
Utilities and Property Maintenance	80,560	642,153	722,713	358,286	4,604	1,085,603
Depreciation and Amortization	-	-	-	251,059	-	251,059
Repairs and Maintenance	18,486	2,223	20,709	54,020	-	74,729
Professional Education	165,919	135	166,054	704	9,793	176,551
Printing and Postage	150,718	10	150,728	6,841	216,237	373,806
Marketing and Website	221,298	-	221,298	2,498	24,481	248,277
Provision for Uncollectible Accounts and Pledge Discounts	(13,246)	-	(13,246)	(1,750)	-	(14,996)
Banking and Credit Card Fees	19,903	85	19,988	7,018	76	27,082
Taxes and Licenses	42,391	-	42,391	268,633	-	311,024
Interest Expense	-	-	-	170,471	-	170,471
Total	\$ 11,059,477	\$ 901,957	\$ 11,961,434	\$ 3,341,333	\$ 2,830,282	\$ 18,133,049

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

LSU HEALTH FOUNDATION, NEW ORLEANS
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services			Supporting Services		
	Scientific, Research, and Educational Enhancement of The LSU Health Sciences Center	Other Program Services	Total Program Services	General and Administrative	Development	Total
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
Total	\$ 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 these financial statements.

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in Net Assets	\$ 3,422,421	\$ (11,731,395)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities		
Depreciation and Amortization	251,059	249,789
Change in Allowance for Uncollectible Accounts	(132,093)	1,512,888
Net Change in Discount on Unconditional Promises to Give	117,097	428,194
Realized and Unrealized (Gain) Loss on Investments, Net	(9,660,017)	14,888,814
Non-Cash Donation of Property, Net	-	(650,000)
Forgiveness of Debt	-	(395,435)
Debt Issuance Costs	-	(65,473)
Contributions With Donor Restrictions in Perpetuity	(4,303,991)	(3,902,739)
(Increase) Decrease in Assets		
Split-Interest Agreement	34,917	5,411
Unconditional Promises to Give	1,091,709	(4,322,531)
Accounts Receivable	472,715	(579,079)
Prepaid Expenses and Other Assets	113,999	62,905
Operating Lease Right-of-Use Assets	(173,020)	-
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Expenses	271,276	737,208
Beneficiaries of Split-Interest Agreements	(51,375)	(51,375)
Amounts Held in Custody for Others	528,458	(8,485,380)
Operating Lease Liability	173,020	-
Net Cash Used in Operating Activities	(7,843,825)	(12,298,198)
Cash Flows from Investing Activities		
Net Sales (Purchases) of Investments	3,714,118	9,903,574
Purchases of Property and Equipment	(1,981,942)	(5,662,574)
Net Cash Provided by Investing Activities	1,732,176	4,241,000
Cash Flows from Financing Activities		
Proceeds from Line of Credit	1,372,000	-
Proceeds from Note Payable	-	4,675,000
Payments on Note Payable	(118,317)	(39,294)
Contributions With Donor Restrictions in Perpetuity	4,303,991	3,902,739
Net Cash Provided by Financing Activities	5,557,674	8,538,445
Net Change in Cash and Cash Equivalents	(553,975)	481,247
Cash and Cash Equivalents, Beginning of Year	1,988,200	1,506,953
Cash and Cash Equivalents, End of Year	\$ 1,434,225	\$ 1,988,200
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	\$ 170,471	\$ 191,438
Supplemental Disclosure of Non-Cash Investing and Financing Transactions		
Recognition of Operating Lease Right-of-Use Assets (ASC 842 Adoption)	\$ 689,215	\$ -
Operating Lease Liability Arising from Right-of-Use Assets (ASC 842 Adoption)	\$ 689,215	\$ -

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

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 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.

Note 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 (U.S. 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.

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 risks. 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.

Note 2. Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates and assumptions.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an initial maturity of three months or less, including sweep accounts, which are overnight repurchase agreements, to be cash equivalents. Certain cash and cash equivalents generated in the Foundation's investment accounts are classified as investments.

Investments

Investments are recorded at fair market value. Gains and losses on investments and other assets are reported, net of investment expenses, as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Donated investments are recorded at their fair value at the date of receipt, which is then treated as cost. Realized gains and losses on dispositions are based on the net proceeds and the adjusted cost basis of the securities sold, using the specific identification method. Realized gains and losses are recognized in the current operations.

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.

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 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.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

The Board of Directors (the Board) 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 principles 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.

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, 2023.

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

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2023 and 2022 was \$2,286,176 and \$2,418,267, 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, 2023 and 2022, there was no allowance for doubtful accounts related to accounts receivable.

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 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 2013 and is using the straight-line method to depreciate it over an estimated useful life of 40 years. In August 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.

Note 2. Summary of Significant Accounting Policies (Continued)

Contributions

Contributions are recorded as support without donor restrictions or support with donor restrictions, 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 restrictions, 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 restrictions and reported in the statements of activities 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 management and deposit fee income when earned according to contractually obligated terms. The Foundation'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.

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 financial statements. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 2. Summary of Significant Accounting Policies (Continued)

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 exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. However, income from certain activities not directly related to the Foundation's tax-exempt purpose is subject to taxation as unrelated business income.

The Foundation follows the accounting standard on accounting for uncertainty in income taxes, which address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this 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 positions related to the potential sources of unrelated business taxable income. There were no unrecognized tax benefits identified or recorded as liabilities during the reporting periods covered by these financial statements.

The Foundation files a Form 990 in the U.S. federal jurisdiction and applicable states.

Note 2. Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements - Adopted

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) Topic 842, *Leases*, to increase transparency and comparability among organizations related to its leasing arrangements. The update requires lessees to recognize most leases on its statement of financial position as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities. The Foundation adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Foundation has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Foundation's historical accounting treatment under Topic 840, *Leases*.

The Foundation elected to adopt the package of practical expedients under the transition guidance within Topic 842, which among other things, allowed it to carry forward the historical lease classification, and has not elected to adopt the hindsight practical expedient. The Foundation made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. The Foundation has also made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component.

Adoption of Topic 842 resulted in the recording of ROU assets and a lease liability related to the Foundation's operating lease of \$689,215, at July 1, 2022. The adoption of the new lease standard did not materially impact change in net assets or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses charged to operations for the years ended June 30, 2023 and 2022 were \$8,857 and \$1,726, respectively.

Reclassifications

Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year's format.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 3. Liquidity and Availability

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

	2023	2022
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 1,434,225	\$ 1,988,200
Investments	167,612,806	161,666,907
Unconditional Promises to Give, see Note 5	2,596,643	3,349,487
Accounts Receivable	274,150	746,865
	<hr/>	<hr/>
Total Financial Assets Available Within One Year	171,917,824	167,751,459
	<hr/>	<hr/>
Less: Amounts Unavailable to be Used for General Expenditures Within One Year, Due to:		
Amounts Held in Custody for Others	33,465,486	32,937,028
Designated by Board of Directors	376,343	348,387
Restricted by Donors With Purpose Restrictions	136,353,762	131,512,378
	<hr/>	<hr/>
	170,195,591	164,797,793
	<hr/>	<hr/>
Total Financial Assets Available to Management for General Expenditures Within One Year	\$ 1,722,233	\$ 2,953,666
	<hr/>	<hr/>

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 \$1,104,000 is available at June 30, 2023 which it could draw upon, subject to certain specific covenants in its agreement.

Additionally, the Foundation has board-designated net assets without donor restrictions 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.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 4. Net Assets With Donor Restrictions

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.

Note 5. Unconditional Promises to Give

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

	2023	2022
Gross Unconditional Promises to Give	\$ 5,817,638	\$ 6,909,347
Less: Unamortized Discounts	(720,964)	(603,867)
Less: Allowance for Uncollectible Amounts	(2,286,174)	(2,418,267)
Net Unconditional Promises to Give	\$ 2,810,500	\$ 3,887,213
Amounts Due in:		
Less than One Year	\$ 2,263,310	\$ 3,349,487
One to Five Years	2,806,486	3,185,213
Over Five Years	747,842	374,647
Total	\$ 5,817,638	\$ 6,909,347

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 6. Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Building	\$ 8,956,408	\$ 8,956,408
Building Improvements	562,185	562,185
Furniture	206,788	206,788
Construction In Progress	1,919,757	1,739,259
Land	15,982,968	14,181,524
Less Accumulated Depreciation	<u>(2,366,005)</u>	<u>(2,128,040)</u>
Property and Equipment, Net	<u>\$ 25,262,101</u>	<u>\$ 23,518,124</u>

Note 7. Concentration of Credit Risk

The Foundation maintains its cash accounts in several financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and collateralized for greater amounts by agreement with some financial institutions. At June 30, 2023, the Foundation had \$1,268,100 in excess of FDIC insured limits.

Note 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 \$33,465,486 and \$32,937,028 at June 30, 2023 and 2022, respectively. The amount of state matching funds received was \$600,000 and \$400,000 for the fiscal years ended June 30, 2023 and 2022, respectively.

Note 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 \$91,691 and \$86,164 for the years ended June 30, 2023 and 2022, respectively, which is allocated to both general and administrative and development expenses on the statements of activities.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 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 was \$199,772 and \$216,230 at June 30, 2023 and 2022, respectively, and is calculated using a discount rate of 4.20% 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, 2023 and 2022.

Note 11. Line of Credit

The Foundation maintains a \$4,000,000 line of credit at a financial institution to mature in February 2024 with options to renew. The line bears an interest rate at the 30-day AMERIBOR rate plus 2.60%, is unsecured, and is subject to certain specific covenants in its agreement. As of June 30, 2023 and 2022, there was \$2,896,000 and \$1,524,000 outstanding on the line of credit, respectively, with an interest rate of 7.85%.

Note 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 (SBA). 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 by the SBA, guarantor of the loan. The amount forgiven is included in other revenue in the statement of activities for the year ended June 30, 2022.

The SBA may undertake a review of a loan of any size during the six-year period following forgiveness or repayment of the loan. The review may include the loan forgiveness application, as well as whether the Foundation received the proper loan amount. The timing and outcome of any SBA review is not known.

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 maturity date is August 12, 2026.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 12. Notes Payable (Continued)

The Foundation's scheduled debt maturities are as follows:

Year Ending June 30,	Amount
2024	\$ 122,155
2025	126,996
2026	131,577
2027	4,136,660
	<u>4,517,388</u>
Less: Debt Issuance Costs, Net	<u>(39,283)</u>
Total	<u>\$ 4,478,105</u>

Note 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.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 13. Endowments (Continued)

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:

	2023	2022
Without Donor Restrictions	\$ 376,343	\$ 348,387
With Donor Restrictions		
In Perpetuity	74,025,502	69,721,510
For Specified Purpose	43,307,151	41,053,450
Total With Donor Restrictions	<u>117,332,653</u>	110,774,960
Total Endowment Funds	<u>\$ 117,708,996</u>	<u>\$ 111,123,347</u>

A summary of the changes in the Foundation's endowment net assets for the year ended June 30, 2023 and 2022 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2022	\$ 348,387	\$ 110,774,960	\$ 111,123,347
Investment Return, Net	-	9,227,235	9,227,235
Contributions/Transfers	142,564	4,148,194	4,290,758
Appropriated for Expenditure	(114,608)	(6,817,736)	(6,932,344)
Endowment Net Assets, June 30, 2023	<u>\$ 376,343</u>	<u>\$ 117,332,653</u>	<u>\$ 117,708,996</u>
	Without Donor Restrictions	With Donor Restrictions	Total
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	(114,163)	(6,737,623)	(6,851,786)
Endowment Net Assets, June 30, 2022	<u>\$ 348,387</u>	<u>\$ 110,774,960</u>	<u>\$ 111,123,347</u>

Note 14. Fair Value Measurements

The carrying values of the Foundation's financial instruments approximate fair value.

The Foundation follows the provisions of FASB ASC 820, *Fair Value Measurement*. Under FASB ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

FASB ASC 820 establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

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

- Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets and liabilities as of the reporting date. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.
- Level 2 Valuations based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3 Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. The fair values are typically determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Note 14. Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value:

Corporate Stocks and Convertible Debt: The fair value of investment securities including corporate stocks and convertible debt 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 were \$5,135,424 and \$1,170,322, respectively, as of June 30, 2023. 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: The 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. When this occurs, 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

Notes to Financial Statements

Note 14. Fair Value Measurements (Continued)

There have been no changes in the methodologies used at June 30, 2023 and 2022. These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The valuation of the Foundation's assets measured at fair value on a recurring basis at June 30, 2023 and 2022 are as follows:

June 30, 2023	Level 1	Level 2	Level 3	Total
Corporate Stocks and Convertible Debt	\$ 11,786,068	\$ -	\$ 797,083	\$ 12,583,151
Mutual Funds and Other Equities	38,011,131	60,299,099	1,811,378	100,121,608
Money Market	-	2,815,252	-	2,815,252
	<u>\$ 49,797,199</u>	<u>\$ 63,114,351</u>	<u>\$ 2,608,461</u>	<u>115,520,011</u>
Hedge Funds, Private Equity Funds, and Other Funds Valued at NAV ^(a)				<u>52,092,795</u>
Total Investments, at Fair Value				<u>\$ 167,612,806</u>
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>
Total Investments, at Fair Value				<u>\$ 161,666,907</u>

(a) Hedge funds, 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, 2023 and 2022, the Foundation made purchases of investments classified as Level 3 under the fair value hierarchy of \$1,811,378 and \$250,000, respectively. There were no transfers in or out or sales of any Level 3 assets during the years ended June 30, 2023 and 2022.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 15. 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:

	2023	2022
Chancellor and Deans' Discretionary Support Funds	<u>\$ 376,343</u>	<u>\$ 348,387</u>

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

	2023	2022
Awards	\$ 4,837	\$ 5,650
Chairs and Superchairs	175,894	238,247
Endowment	117,332,653	110,774,960
Grants	1,792,804	2,010,123
Lectureships	20,145	27,898
Memorials	10,919	10,918
Scholarships	1,002,885	1,693,908
Other Donor Restrictions	<u>16,013,625</u>	<u>16,750,674</u>
Total Subject to Expenditure for Specified Purpose or Period	<u>\$ 136,353,762</u>	<u>\$ 131,512,378</u>

Note 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, 2023 and 2022 are \$8,435,149 and \$6,776,588, respectively, which represent payments on behalf of the Health Sciences Center. At June 30, 2023 and 2022, the Foundation has no receivables for either year from the Health Sciences Center, and payables to the Health Sciences Center of \$872,484 and \$732,723, respectively.

Members of the Foundation's Board of Directors and parties related to them made contributions of \$689,851 and \$929,985 for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022, the Foundation has receivables of \$1,441,793 and \$522,207, respectively, from the Board of Directors and parties related to them.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 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 (Note 6) and property leased by the Foundation for other auxiliary purposes.

2000 Tulane Avenue

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.

In May 2023, the Foundation entered a lease with a tenant for retail space at 2000 Tulane Avenue. The initial term was five years commencing on July 1, 2023. The annual payment totals \$71,160 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.

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.

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 17. Leased Property (Continued)

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 the 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, plus 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.

Future minimum lease receipts under these leases for the next five years and thereafter are as follows at June 30, 2023:

Year Ending June 30,	Future Minimum Lease Receipts
2024	\$ 1,023,670
2025	626,299
2026	418,213
2027	152,662
2028	113,118
Thereafter	<u>106,800</u>
Total	<u>\$ 2,440,762</u>

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 18. Leases

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. In December 2020, the Foundation executed an agreement with LSUHSC - New Orleans to lease the subleased property for five years from the effective date of January 2021. Annual payments to LSUHSC - New Orleans total \$220,317 until the agreement expires.

Operating lease cost is recognized on a straight-line basis over the lease term. The components of lease expense are as follows for the year ended June 30, 2023:

Lease Cost	
Operating Lease Cost	<u>\$ 220,317</u>
Total Lease Cost	<u><u>\$ 220,317</u></u>

Supplemental statement of financial position information related to leases is as follows as of June 30, 2023:

Other Information	
Weighted-Average Remaining Lease Term (in Years):	
Operating Leases	2.58
Weighted-Average Discount Rate Applied (%):	
Operating Leases	7.98%

Future undiscounted cash flows and a reconciliation to the lease liability recognized on the statement of financial position are as follows as of June 30, 2023:

Year Ending June 30,	Amount
2024	\$ 220,317
2025	220,317
2026	<u>128,518</u>
Total Lease Payments	569,152
Less: Imputed Interest	(52,957)
Less: Operating Lease Liability, Current Portion	<u>(187,343)</u>
Total Present Value of Lease Liability	<u><u>\$ 328,852</u></u>

LSU HEALTH FOUNDATION, NEW ORLEANS

Notes to Financial Statements

Note 19. 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, 2023, no revenue was allocated by the joint venture.

Note 20. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 12, 2023, and determined that no events have occurred that require disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**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**

Independent Auditor's Report

To the 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 (the Foundation) (a non-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, 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 September 12, 2023.

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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



A Professional Accounting Corporation

Covington, LA
September 12, 2023

**SUPPLEMENTARY INFORMATION
REQUIRED BY THE STATE OF LOUISIANA**

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,434,225	\$ 1,988,200
Restricted Cash and Cash Equivalents	-	-
Investments	2,815,252	4,231,772
Accrued Interest Receivable	-	-
Accounts Receivable, Net	274,150	746,865
Unconditional Promises to Give, Net	2,596,643	2,177,166
Deferred Charges and Prepaid Expenses	180,358	294,357
Other Current Assets	-	-
Total Current Assets	7,300,628	9,438,360
Noncurrent Assets		
Restricted Assets		
Cash and Cash Equivalents	-	-
Investments	-	-
Other	-	-
Investments	164,797,554	157,435,135
Unconditional Promises to Give, Net	213,857	1,710,047
Capital Assets, Net		
Land	15,982,968	14,181,524
Buildings and Improvements	7,359,376	7,597,341
Machinery and Equipment	-	-
Infrastructure	-	-
Intangible Assets	-	-
Construction in Progress	1,919,757	1,739,259
Other Noncurrent Assets	516,195	-
Total Noncurrent Assets	190,789,707	182,663,306
Total Assets	\$ 198,090,335	\$ 192,101,666

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Financial Position (Continued)
June 30, 2023 and 2022

	2023	2022
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,579,779	\$ 1,308,503
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	187,343	-
Line of Credit	2,896,000	1,524,000
Notes Payable	122,155	118,322
Bonds Payable	-	-
Other Long-Term Liabilities	-	-
Total Current Liabilities	4,836,652	3,002,200
Noncurrent Liabilities		
Amounts Held in Custody for Others	33,465,486	32,937,028
Compensated Absences Payable	-	-
Lease Liability	328,852	-
Notes Payable	4,355,950	4,465,006
Bonds Payable	-	-
Deferred Revenues	-	-
Other Noncurrent Liabilities	148,397	164,855
Total Noncurrent Liabilities	38,298,685	37,566,889
Total Liabilities	43,135,337	40,569,089
Net Assets		
Without Donor Restrictions	18,601,236	20,020,199
With Donor Restrictions	136,353,762	131,512,378
Total Net Assets	154,954,998	151,532,577
Total Liabilities and Net Assets	\$ 198,090,335	\$ 192,101,666

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,434,225	\$ 1,988,200
Restricted Cash and Cash Equivalents	-	-
Investments	2,815,252	4,231,772
Accounts Receivable, Net	274,150	746,865
Pledges Receivable, Net	2,596,643	2,177,166
Leases Receivable, Net	842,752	-
Due from Other Campuses	-	-
Due from Primary Government	-	-
Due from Federal Government	-	-
Inventories	-	-
Deferred Charges and Prepaid Expenses	180,358	294,357
Note Receivable, Net	-	-
Other Current Assets	-	-
	<hr/>	<hr/>
Total Current Assets	8,143,380	9,438,360
Noncurrent Assets		
Restricted Assets		
Cash and Cash Equivalents	-	-
Investments	-	-
Receivables, Net	-	-
Notes Receivable	-	-
Other	-	-
Investments	164,797,554	157,435,135
Pledges Receivable	213,857	1,710,047
Leases Receivable, Net	1,053,817	-
Subscription Assets	130,240	-
Capital Assets, Net		
Land	15,982,968	14,181,524
Buildings and Improvements	7,359,376	7,597,341
Machinery and Equipment	-	-
Infrastructure	-	-
Intangible Assets	-	-
Construction in Progress	1,919,757	1,739,259
Other Noncurrent Assets	516,195	-
	<hr/>	<hr/>
Total Noncurrent Assets	191,973,764	182,663,306
	<hr/>	<hr/>
Total Assets	200,117,144	192,101,666

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Net Position (Continued)
June 30, 2023 and 2022

	2023	2022
Deferred Outflows of Resources		
Deferred Amounts on Debt Refunding	-	-
OPEB-related Deferred Outflows of Resources	-	-
Pension-related Deferred Outflows of Resources	-	-
	<hr/>	<hr/>
Total Deferred Outflows of Resources	-	-
	<hr/>	<hr/>
Total Assets and Deferred Outflows of Resources	\$ 200,117,144	\$ 192,101,666
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LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Net Position (Continued)
June 30, 2023 and 2022

	2023	2022
Liabilities		
Current Liabilities		
Accounts Payable and Accrued Liabilities	\$ 1,579,779	\$ 1,308,503
Due to Other Campuses	-	-
Due to Federal Government	-	-
Amounts Held in Custody for Others	-	-
Unearned Revenues	-	-
Line of Credit	2,896,000	1,524,000
Other Current Liabilities	-	-
Current Portion of Long-Term Liabilities		
Compensated Absences	-	-
Lease Liability	187,343	-
Subscription Liability	-	-
Notes Payable	122,155	118,322
Bonds Payable	-	-
Other Long-Term Liabilities	-	-
Total Current Liabilities	4,785,277	2,950,825
Noncurrent Liabilities		
Compensated Absences Payable	-	-
Amounts Held in Custody for Others	33,465,486	32,937,028
Lease Liability	328,852	-
Subscription Liability	127,240	-
Notes Payable	4,395,233	4,517,384
Bonds Payable	-	-
OPEB Liability	-	-
Net Pension Liability	-	-
Unearned Revenues	-	-
Other Noncurrent Liabilities	-	-
Total Noncurrent Liabilities	38,316,811	37,454,412
Total Liabilities	43,102,088	40,405,237

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Net Position (Continued)
June 30, 2023 and 2022

	2023	2022
Deferred Inflows of Resources		
Split-Interest Agreements	199,772	216,230
Leases	1,815,633	-
OPEB-Related Deferred Inflows of Resources	-	-
Pension-Related Deferred Inflows of Resources	-	-
	<hr/>	<hr/>
Total Deferred Inflows of Resources	2,015,405	216,230
Net Investment In Capital Assets	20,744,713	18,882,418
Restricted for:		
Nonexpendable	117,332,653	110,774,960
Expendable	19,021,109	20,737,418
Unrestricted	(2,098,824)	1,085,403
	<hr/>	<hr/>
Total Net Position	154,999,651	151,480,199
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 200,117,144	\$ 192,101,666

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Activities
June 30, 2023 and 2022

	2023	2022
Changes in Net Assets Without Donor Restrictions		
Operating Activities		
Contributions	\$ 120,642	\$ 1,048,010
Investment Earnings (Loss), Net	1,441,979	(2,331,089)
Service Fees	2,637,574	2,599,636
Other Revenues	1,688,659	1,898,016
	<hr/>	<hr/>
Total Revenue Without Donor Restrictions	5,888,854	3,214,573
Net Assets Released from Donor Restrictions:		
Reclassification in Net Assets	-	-
Satisfaction of Purpose Restrictions	10,906,168	11,142,062
	<hr/>	<hr/>
Total Operating Revenues and Other Support	16,795,022	14,356,635
Program Expenses		
Amounts Paid to Benefit Universities for:		
Projects Specified by Donors	7,065,931	6,027,563
Projects Specified by the Board of Directors	-	-
Other		
Grants and Contracts	3,351,237	3,292,795
Property Operations	722,713	169,658
Other	821,553	2,568,219
	<hr/>	<hr/>
Total Program Expenses	11,961,434	12,058,235
Supporting Services		
Salaries and Benefits	2,866,670	2,174,051
Occupancy	416,910	126,841
Office Operations	715,822	384,590
Travel	210,826	184,146
Professional Services	934,685	502,916
Dues and Subscriptions	231,691	199,743
Meetings and Development	10,497	4,181
Depreciation	237,964	228,765
Other	530,455	466,028
	<hr/>	<hr/>
Total Supporting Services	6,155,520	4,271,261
Fund-Raising Expenses	-	-
	<hr/>	<hr/>
Total Expenses	18,116,954	16,329,496
	<hr/>	<hr/>
Excess Operating Expenses Over Revenues	(1,321,932)	(1,972,861)

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Activities (Continued)
June 30, 2023 and 2022

	2023	2022
Changes in Net Assets Without Donor Restrictions		
Nonoperating Activities		
Description	-	-
Description	-	-
Description	-	-
Description	-	-
Description	-	-
	<hr/>	<hr/>
Total Nonoperating Activities	-	-
	<hr/>	<hr/>
Change in Net Assets Without Donor Restrictions	(1,321,932)	(1,972,861)
	<hr/>	<hr/>
Changes in Net Assets With Donor Restrictions		
Contributions	6,520,317	12,186,618
Investment Earnings (Loss), Net	9,227,235	(10,789,996)
Changes in Value of Split-Interest Agreements	-	-
Transfers	-	-
Other	-	-
	<hr/>	<hr/>
Total	15,747,552	1,396,622
Net Assets Released from Restrictions:		
Reclassification in Net Assets	-	-
Satisfaction of Purpose Restrictions	(10,906,168)	(11,142,062)
	<hr/>	<hr/>
Change in Temporarily Restricted Net Assets	4,841,384	(9,745,440)
	<hr/>	<hr/>
Change in Net Assets	3,519,452	(11,718,301)
	<hr/>	<hr/>
Net Assets at Beginning of Year, Restated	151,480,199	163,198,500
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Net Assets at End of Year	\$ 154,999,651	\$ 151,480,199
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LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Revenues, Expenses, and Changes in Net Position
June 30, 2023 and 2022

	2023	2022
Operating Revenues		
Student Tuition and Fees	\$ -	\$ -
Less Scholarship Allowances	-	-
Net Student Tuition and Fees	-	-
Gifts Received by the Foundation (CU Only)	2,492,765	7,848,059
Endowment Income (Component Units Only)	9,227,235	(10,789,996)
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	-	-
Other Operating Revenues	4,326,233	4,497,652
Total Operating Revenues	16,046,233	1,555,715
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)	6,155,520	4,271,261
Total Operating Expenses	6,155,520	4,271,261
Operating Income (Loss)	9,890,713	(2,715,546)

LSU HEALTH FOUNDATION, NEW ORLEANS
Statements of Revenues, Expenses, and Changes in Net Position (Continued)
June 30, 2023 and 2022

	2023	2022
Nonoperating Revenues (Expenses)		
State Appropriations	-	-
Gifts	-	-
Federal Nonoperating Revenues (Expenses)	-	-
Net Investment Income	1,441,979	(2,331,089)
Interest Expense	-	-
Payments to or on Behalf of the University (CU Only)	(11,961,434)	(12,058,235)
Other Nonoperating Revenues (Expenses)	-	-
	<hr/>	<hr/>
Net Nonoperating Revenues (Expenses)	(10,519,455)	(14,389,324)
Loss Before Other Revenues, Expenses, Gains, and Losses	(628,742)	(17,104,870)
	<hr/>	<hr/>
Capital Appropriations	-	-
Capital Gifts and Grants	-	-
Additions to Permanent Endowments	4,148,194	5,386,569
Other Additions, Net	-	-
Transfer to/from other LSU Campuses	-	-
	<hr/>	<hr/>
Change in Net Position	3,519,452	(11,718,301)
Net Position at Beginning of Year, Restated	151,480,199	163,198,500
	<hr/>	<hr/>
Net Position at End of Year	\$ 154,999,651	\$ 151,480,199
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LSU HEALTH FOUNDATION, NEW ORLEANS
Notes to Supplementary Information
Required by the State of Louisiana

Note 1. 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.lsuhealthfoundation.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 component unit.

Description: LSU Health Foundation, New Orleans, is a legally separate, tax-exempt organization supporting the LSU Health Sciences Center. The Foundation is a non-profit 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.

During the current fiscal year, distributions to or on behalf of the University for both restricted and unrestricted purposes totaled \$12,008,469. During the prior fiscal year, distributions to or on behalf of the University for both restricted and unrestricted purposes totaled \$12,058,235.

Note 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 (Continued)

Note 3. Investment

As of June 30, fair value of investments were as follows:

	2023	2022
Money Market/Certificates of Deposit	\$ 2,815,252	\$ 4,231,771
Debt Obligations	-	-
Corporate Stocks, Common Stocks, and Index Mutual Funds	11,786,068	10,136,655
Royalty Interest	-	-
Mutual Funds	100,121,608	33,789,749
LSU Foundation Investment Pool	-	-
Charitable Gift Annuity	-	-
Short-Term Investments	-	-
Private Equity	5,828,374	4,508,996
Hedge Funds	20,855,715	18,155,260
Venture Capital	-	-
Group Variable Annuity	-	-
Municipal Bonds	-	-
Commingled Funds	20,532,099	83,881,407
Structured Investments	-	-
Separately Managed Accounts	-	-
Other: (Please Describe Below)	-	-
Real Assets	4,876,607	6,213,069
Convertible Debt	797,083	750,000
	\$ 167,612,806	\$ 161,666,907

LSU HEALTH FOUNDATION, NEW ORLEANS
Notes to Supplementary Information
Required by the State of Louisiana (Continued)

Note 4. Capital Assets

	Balance 6/30/2022	Additions	Transfers	Retirements	Balance 6/30/2023
Capital Assets not being Depreciated					
Land	\$ 14,181,524	\$ 1,801,444	\$ -	\$ -	\$ 15,982,968
Capitalized Collections	-	-	-	-	-
Construction in Progress	1,739,259	180,498	-	-	1,919,757
Total Capital Assets not being Depreciated	\$ 15,920,783	\$ 1,981,942	\$ -	\$ -	\$ 17,902,725
Other Capital Assets					
Infrastructure	-	-	-	-	-
Less: Accumulated Depreciation	-	-	-	-	-
Total Infrastructure	-	-	-	-	-
Land Improvements	-	-	-	-	-
Less: Accumulated Depreciation	-	-	-	-	-
Total Land Improvements	-	-	-	-	-
Buildings	9,518,593	-	-	-	9,518,593
Less: Accumulated Depreciation	(1,921,252)	(237,965)	-	-	(2,159,217)
Total Buildings	7,597,341	(237,965)	-	-	7,359,376
Equipment (Including Library Books)	206,788	-	-	-	206,788
Less: Accumulated Depreciation	(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	7,597,341	(237,965)	-	-	7,359,376
Capital Asset Summary					
Capital Assets not being Depreciated	15,920,783	1,981,942	-	-	17,902,725
Other Capital Assets, at Cost	9,725,381	-	-	-	9,725,381
Total Cost of Capital Assets	25,646,164	1,981,942	-	-	27,628,106
Less: Accumulated Depreciation and Amortization	(2,128,040)	(237,965)	-	-	(2,366,005)
Capital Assets, Net	\$ 23,518,124	\$ 1,743,977	\$ -	\$ -	\$ 25,262,101

LSU HEALTH FOUNDATION, NEW ORLEANS
Notes to Supplementary Information
Required by the State of Louisiana (Continued)

Note 5. 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 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.

In May 2023, the Foundation entered a lease with a tenant for retail space at 2000 Tulane Avenue. The initial term was five years commencing on July 1, 2023. The annual payment totals \$71,160 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.

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.

LSU HEALTH FOUNDATION, NEW ORLEANS
Notes to Supplementary Information
Required by the State of Louisiana (Continued)

Note 5. Operating Leases (Continued)

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.

LSU HEALTH FOUNDATION, NEW ORLEANS
Notes to Supplementary Information
Required by the State of Louisiana (Continued)

Note 5. Operating Leases (Continued)

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

In May 2023, the Foundation entered a lease with a tenant for retail space at 2000 Tulane Avenue. The initial term was five years commencing on July 1, 2023. The annual payment totals \$71,160 with increases each successive term.

LSU HEALTH FOUNDATION, NEW ORLEANS
Schedule of Bonds and Note Payable
June 30, 2023

Issue	Date of Issue	Original Issue	Principal Outstanding 7/1/2022	(Redeemed) Issued	Principal Outstanding 6/30/2023	Interest Rates	Interest Outstanding 6/30/2023
601 S. Galvez Building	August 12, 2021	\$ 4,675,000	\$ 4,635,706	\$ (118,318)	\$ 4,517,388	3.50%	\$ 486,537
Total		\$ 4,675,000	\$ 4,635,706	\$ (118,318)	\$ 4,517,388	3.50%	\$ 486,537

LSU HEALTH FOUNDATION, NEW ORLEANS
Schedule of Note Payable Amortization
June 30, 2023

Fiscal Year Ending	Principal	Interest	Total
2024	\$ 122,155	\$ 158,767	\$ 280,922
2025	126,996	153,926	280,922
2026	131,577	149,345	280,922
2027	4,136,660	24,499	4,161,159
	<u>\$ 4,517,388</u>	<u>\$ 486,537</u>	<u>\$ 5,003,925</u>

LSU HEALTH FOUNDATION, NEW ORLEANS
Schedule of Restatement of Net Position
June 30, 2023

Prior Year Ending Net Position \$ 151,545,671

Items Identified During Current Fiscal Year Requiring a Restatement:

Please Provide a Full Explanation for Each Prior Year Restatement

1 Expense Deferred Financing Costs in Year of Issuance per GASB 65 (65,472)

2

3

4

Beginning Net Position, As Restated \$ 151,480,199

LSU HEALTH FOUNDATION, NEW ORLEANS
Schedule of Unconditional Promises to Give
June 30, 2023

	June 30, 2023	June 30, 2022
Promises to Give Expected to be Collected in:		
Less than One Year	\$ 2,263,310	\$ 3,349,487
One to Five Years	2,806,486	3,185,213
More Than Five Years	747,842	374,647
	5,817,638	6,909,347
Less: Discount on Promises to Give	(720,964)	(603,867)
Less: Allowance for Uncollectible Promises	(2,286,174)	(2,418,267)
	\$ 2,810,500	\$ 3,887,213

LSU HEALTH FOUNDATION, NEW ORLEANS
Schedule of Subscription Payments
June 30, 2023

Fiscal Year				
Ending	Principal	Interest	Total	
2024	\$ 53,288	\$ 3,292	\$	56,580
2025	46,679	5,901		52,580
2026	27,273	2,176		29,449
	<u>\$ 127,240</u>	<u>\$ 11,369</u>	<u>\$</u>	<u>138,609</u>