EISNERAMPER

BRF, LLC

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Biomedical Research Foundation of Northwest Louisiana
Managing Member of BRF, LLC
Shreveport, Louisiana

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of BRF, LLC and its subsidiaries (BRF), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses by nature and class, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of BRF, LLC and its subsidiaries as of September 30, 2024 and 2023, and the consolidated changes in their net assets and their 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of BRF 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 BRF'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BRF'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 37-45 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated March 19, 2025, on our consideration of BRF's internal control over financial reporting and 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 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 BRF's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
March 19, 2025

BRF, LLC
SHREVEPORT, LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND 2023

ASSETS

	2024	2023
Cash and cash equivalents	$ 14,140,437	$ 11,893,268
Restricted cash and cash equivalents	3,393,464	2,787,900
Accounts receivable, net of allowances for credit losses of $173,200 and $184,795 at September 30, 2024 and 2023, respectively	1,497,426	1,301,239
Unconditional promises to give, net of discounts of $34,172 and $12,107 at September 30, 2024 and 2023, respectively	160,828	40,993
Prepaid expenses	331,003	166,293
Inventory	9,410	21,000
Investments	23,516,408	19,783,211
Notes receivable and accrued interest, net of allowances for credit losses of $1,235,826 at September 30, 2024 and 2023	17,043,741	11,372,652
Property and equipment, net	63,438,675	62,238,187
Due from related party (Note 11)	110,084	110,084
Total assets	$ 123,641,476	$ 109,714,827

LIABILITIES AND NET ASSETS

	2024	2023
LIABILITIES		
Accounts payable and accrued expenses	$ 2,225,916	$ 2,090,818
Notes payable	21,669,755	16,636,565
Deferred revenue	140,540	210,318
Asset retirement liability	302,266	1,070,488
Due to related party (Note 11)	27,104,005	27,102,001
Total liabilities	51,442,482	47,110,190
NET ASSETS		
Without donor restrictions	66,158,230	59,607,008
With donor restrictions	6,040,764	2,997,629
Total net assets	72,198,994	62,604,637
Total liabilities and net assets	$ 123,641,476	$ 109,714,827

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

BRF, LLC
SHREVEPORT, LOUISIANA

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	Year ended September 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT:			
Patient service revenue	$ 4,042,656	$ -	$ 4,042,656
Support - philanthropic	753,100	2,833,073	3,586,173
Rental revenues	11,144,260	-	11,144,260
Local government operating revenue	3,130,662	-	3,130,662
Government grants and contracts	2,436,449	58,710	2,495,159
Investment revenues (losses)	3,028,377	378,132	3,406,509
Interest revenues	1,601,265	-	1,601,265
Radiopharmaceutical sales	373,385	-	373,385
Tuition revenues	257,349	-	257,349
Other revenues	596,544	-	596,544
	27,364,047	3,269,915	30,633,962
Net assets released from restrictions:			
Restrictions satisfied by payments	226,780	(226,780)	-
Total revenues and support	27,590,827	3,043,135	30,633,962
EXPENSES:			
Program services:			
Center for Molecular Imaging and Therapy	6,447,658	-	6,447,658
Collaboration Link	241,979	-	241,979
Entrepreneurial Accelerator Program	1,324,644	-	1,324,644
Digital Media Institute	1,027,855	-	1,027,855
Real Estate Management and Development	6,998,217	-	6,998,217
Shreveport Next	356,099	-	356,099
Other sponsored projects	737,671	-	737,671
Total program services	17,134,123	-	17,134,123
Support services:			
Management and general	4,092,422	-	4,092,422
Fund-raising	390,867	-	390,867
Total support services	4,483,289	-	4,483,289
Total expenses	21,617,412	-	21,617,412
NONOPERATING REVENUES:			
Gain (loss) on disposal of property and equipment	847	-	847
Gain on asset retirement obligation	576,960	-	576,960
Total nonoperating revenues	577,807	-	577,807
CHANGE IN NET ASSETS	6,551,222	3,043,135	9,594,357
Net assets - beginning of year	59,607,008	2,997,629	62,604,637
Net assets - end of year	$ 66,158,230	$ 6,040,764	$ 72,198,994

(continued)

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

	Year ended September 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
	$ 2,981,830	$ -	$ 2,981,830
	715,880	4,265	720,145
	15,078,127	-	15,078,127
	2,863,246	-	2,863,246
	104,402	75,565	179,967
	(1,472,211)	64,425	(1,407,786)
	1,096,234	-	1,096,234
	535,570	-	535,570
	555,624	-	555,624
	451,966	-	451,966
	22,910,668	144,255	23,054,923
	208,981	(208,981)	-
	23,119,649	(64,726)	23,054,923
	5,244,530	-	5,244,530
	160,167	-	160,167
	1,273,109	-	1,273,109
	1,439,447	-	1,439,447
	7,119,229	-	7,119,229
	443,369	-	443,369
	136,979	-	136,979
	15,816,830	-	15,816,830
	4,793,507	-	4,793,507
	328,907	-	328,907
	5,122,414	-	5,122,414
	20,939,244	-	20,939,244
	(40,831)	-	(40,831)
	-	-	-
	(40,831)	-	(40,831)
	2,139,574	(64,726)	2,074,848
	57,467,434	3,062,355	60,529,789
	$ 59,607,008	$ 2,997,629	$ 62,604,637

(concluded)

BRF, LLC
SHREVEPORT, LOUISIANA

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES BY NATURE AND CLASS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	Year ended September 30, 2024				
	Center for Molecular Imaging and Therapy	Collaboration Link	Entrepreneurial Accelerator Program	Digital Media Institute	Real Estate Management and Development
Accounting / auditing fees	$ 55	$ -	$ 5,600	$ -	$ 8,000
Accretion	17,730	-	-	-	-
Advertising	2,983	-	112,104	249,813	2,448
Animal resources	7,174	-	-	-	56,400
Attorney fees	10,041	-	-	-	18,544
Credit loss expense (recovery)	(1,415)	-	-	(16,196)	-
Bank fees	18,787	-	19	4,581	76
Communication and computer services	38,973	-	-	39,965	392,077
Consultant fees	56,855	37,383	21,642	41,393	75,415
Contract labor	260,972	-	600	(3,401)	-
Depreciation	879,241	-	-	56,919	1,869,465
Dues and subscriptions	11,073	30	2,677	31,773	3,567
Employee benefits	224,986	2,827	113,005	77,881	138,634
Equipment - leased	3,790	-	-	1,672	1,148
Equipment purchased	57,115	-	-	-	12,405
FDG distribution services	71,569	-	-	-	-
Grants - other	-	-	18,750	-	-
Housekeeping	55,004	-	-	-	343,579
Insurance	180,975	474	17,336	4,279	331,183
Interest expense	451,637	-	-	207	151,158
License / certification fees	2,048	-	21,041	51,043	35,306
Meals and entertainment	3,717	4,467	11,420	2,756	-
Miscellaneous	38,158	-	201	13,492	5,687
Office Expenses	55,232	76	2,656	3,587	140,996
Payroll taxes	81,510	14,107	58,628	30,675	53,441
Project development costs	-	-	27,105	-	-
Radiopharmaceutical and medical supplies	2,034,682	-	-	-	-
Registration and conference fees	6,738	-	8,615	8,736	2,082
Rent	-	-	-	-	-
Repairs and maintenance	532,641	-	-	-	993,734
Salaries	1,125,978	182,337	892,138	410,783	728,502
Security	719	-	-	-	260,001
Taxes and licenses	7,263	36	110	495	2,532
Travel, meals, and auto	19,960	242	10,997	17,402	2,466
Utilities	191,467	-	-	-	1,369,371
	$ 6,447,658	$ 241,979	$ 1,324,644	$ 1,027,855	$ 6,998,217

(Continued)

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

Year ended September 30, 2024					
Shreveport Next	Other sponsored projects	Total Program Expenses	Management and General	Fund-raising	Total
$ -	$ -	$ 13,655	$ 139,571	$ -	$ 153,226
-	-	17,730	-	-	17,730
55,504	-	422,852	57,306	1,062	481,220
-	-	63,574	-	-	63,574
-	-	28,585	21,933	-	50,518
-	-	(17,611)	-	-	(17,611)
19	288	23,770	2,636	943	27,349
-	-	471,015	6,815	58	477,888
174,393	17,875	424,956	438,591	16,146	879,693
-	3,566	261,737	-	1,425	263,162
-	-	2,805,625	6,499	-	2,812,124
3,150	-	52,270	42,189	2,367	96,826
10,927	-	568,260	257,567	56,079	881,906
-	-	6,610	7,946	-	14,556
-	-	69,520	-	-	69,520
54	-	71,623	-	304	71,927
-	715,902	734,652	-	-	734,652
-	-	398,583	-	-	398,583
352	-	534,599	150,645	-	685,244
-	-	603,002	3,952	-	606,954
15,535	-	124,973	27,145	1,000	153,118
2,436	-	24,796	23,000	1,667	49,463
-	-	57,538	20,064	1,018	78,620
13	40	202,600	22,819	621	226,040
6,115	-	244,476	128,404	26,652	399,532
-	-	27,105	47,550	-	74,655
-	-	2,034,682	-	-	2,034,682
50	-	26,221	6,471	3,552	36,244
-	-	-	2,254	-	2,254
-	-	1,526,375	664	-	1,527,039
76,172	-	3,415,910	2,597,162	274,073	6,287,145
-	-	260,720	-	-	260,720
-	-	10,436	9,671	-	20,107
11,379	-	62,446	71,568	3,900	137,914
-	-	1,560,838	-	-	1,560,838
$ 356,099	$ 737,671	$ 17,134,123	$ 4,092,422	$ 390,867	$ 21,617,412

(Continued)

	Year ended September 30, 2023				
	Center for Molecular Imaging and Therapy	Collaboration Link	Entrepreneurial Accelerator Program	Digital Media Institute	Real Estate Management and Development
Accounting / auditing fees	$ 2,200	$ -	$ -	$ -	$ 21,438
Accretion	11,820	-	-	-	-
Advertising	3,775	-	104,976	239,306	427
Animal resources	17,192	-	-	-	56,400
Attorney fees	-	-	561	-	74,245
Credit loss expense (recovery)	(14,715)	-	-	130,340	-
Bank fees	17,118	-	38	5,796	95
Communication and computer services	38,032	241	-	41,494	296,814
Consultant fees	114,829	9,348	82,235	1,000	89,947
Contract labor	264,768	-	4,200	400	-
Depreciation	694,535	-	13,333	58,130	1,740,604
Dues and subscriptions	9,154	-	6,708	32,971	3,065
Employee benefits	203,839	-	104,396	84,017	158,473
Equipment - leased	6,580	-	-	2,928	4,246
Equipment purchased	87,709	-	-	-	13,894
FDG distribution services	82,784	-	-	-	-
Grants - other	-	-	3,125	10,000	-
Housekeeping	53,624	-	175	-	377,513
Insurance	133,135	-	11,140	6,620	295,580
Interest expense	428,065	-	-	-	167,626
License / certification fees	-	-	10,667	32,625	22,272
Meals and entertainment	1,651	6,104	10,760	569	-
Miscellaneous	44,436	-	1,988	46,504	-
Office Expenses	83,131	4,015	4,441	8,269	179,473
Payroll taxes	70,135	8,649	53,624	48,087	56,345
Project development costs	2,000	-	30,138	1,000	-
Radiopharmaceutical and medical supplies	1,388,553	-	-	-	-
Registration and conference fees	3,950	-	7,898	26,117	-
Rent	9,491	-	-	-	-
Repairs and maintenance	331,818	-	-	-	972,232
Salaries	958,386	118,355	808,038	641,202	779,611
Security	719	-	-	-	265,491
Taxes and licenses	3,690	35	350	-	3,843
Travel, meals, and auto	20,152	13,420	14,318	22,072	2,997
Utilities	171,974	-	-	-	1,536,598
	$ 5,244,530	$ 160,167	$ 1,273,109	$ 1,439,447	$ 7,119,229

(Continued)

Year ended September 30, 2023					
Shreveport Next	Other sponsored projects	Total Program Expenses	Management and General	Fund-raising	Total
$ -	$ -	$ 23,638	$ 150,244	$ -	$ 173,882
-	-	11,820	-	-	11,820
453	-	348,937	118,163	-	467,100
-	-	73,592	214	-	73,806
-	-	74,806	11,019	-	85,825
-	-	115,625	952,618	-	1,068,243
19	-	23,066	6,108	-	29,174
22	-	376,603	44,468	-	421,071
163,659	19,500	480,518	460,324	6,000	946,842
-	-	269,368	37,975	294	307,637
-	-	2,506,602	6,499	-	2,513,101
3,342	-	55,240	53,949	2,870	112,059
23,540	-	574,265	228,099	42,155	844,519
-	-	13,754	8,456	-	22,210
-	-	101,603	539	-	102,142
-	-	82,784	-	-	82,784
-	117,479	130,604	-	516	131,120
-	-	431,312	-	-	431,312
848	-	447,323	152,108	-	599,431
-	-	595,691	-	-	595,691
17,135	-	82,699	9,789	27,671	120,159
2,540	-	21,624	17,460	105	39,189
16	-	92,944	7,193	118	100,255
356	-	279,685	33,619	1,067	314,371
11,483	-	248,323	111,009	16,793	376,125
6,000	-	39,138	83,536	-	122,674
-	-	1,388,553	-	-	1,388,553
4,375	-	42,340	5,409	3,732	51,481
-	-	9,491	-	-	9,491
-	-	1,304,050	433	-	1,304,483
161,257	-	3,466,849	2,237,778	226,487	5,931,114
-	-	266,210	-	-	266,210
-	-	7,918	1,614	-	9,532
48,324	-	121,283	54,884	1,099	177,266
-	-	1,708,572	-	-	1,708,572
$ 443,369	$ 136,979	$ 15,816,830	$ 4,793,507	$ 328,907	$ 20,939,244

(Concluded)

BRF, LLC
SHREVEPORT, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 9,594,357	$ 2,074,848
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and accretion	2,829,854	2,524,921
Credit losses (recovery)	(17,611)	1,068,243
Loss (gain) on disposal of property and equipment	(847)	40,831
Gain on asset retirement obligation	(576,960)	-
Deferred financing costs amortized	23,560	22,546
Noncash carried interest	(120,769)	(111,823)
Endowment fund contributions	(2,649,488)	-
Unrealized (gain) loss on investments	(2,592,823)	2,145,480
(Increase) decrease in accounts receivable	(178,576)	2,744,153
(Increase) decrease in prepaid expenses and other assets	(153,120)	(38,455)
Increase (decrease) in deferred revenue	(69,778)	(305,491)
Increase (decrease) in accounts payable and other liabilities	(73,894)	621,855
(Increase) decrease in unconditional promises to give	(130,010)	89,250
Increase (decrease) in discount on unconditional promises to give	10,175	10,175
Net cash provided by operating activities	5,894,070	10,886,533
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of land, property and equipment	(4,011,765)	(5,226,086)
Purchase of investments	(1,140,374)	(1,140,374)
Issuance of notes receivable	(6,768,007)	(4,372,637)
Payments received on notes receivable	1,217,687	601,684
(Increase) decrease in due to / from related party	2,004	(185,223)
Net cash used in investing activities	(10,700,455)	(10,322,636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings on notes payable	5,996,800	12,346,463
Payments on notes payable	(390,460)	(4,103,478)
Deferred financing costs paid	(596,710)	(83,548)
Endowment fund contributions	2,649,488	-
Net cash provided by financing activities	7,659,118	8,159,437
Net increase in cash, cash equivalents, and restricted cash	2,852,733	8,723,334
Cash, cash equivalents, and restricted cash - beginning of year	14,681,168	5,957,834
Cash, cash equivalents, and restricted cash - end of year	$ 17,533,901	$ 14,681,168
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 586,309	$ 544,996

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

1. Summary of significant activities and accounting policies

The accounting and reporting policies of BRF, LLC (BRF) conform to the accounting principles generally accepted in the United States of America and the prevailing practices within the non-profit and healthcare industries. A summary of significant accounting policies is as follows:

Organization and consolidation

BRF was organized during the fiscal year ended September 30, 2017, and effective October 1, 2016, as a limited liability company to consolidate certain functions of Biomedical Research Foundation of Northwest Louisiana (Parent or the Foundation), the sole member of BRF.

BRF is a publicly supported organization which was created to diversify and grow the regional economy. BRF operates as a catalyst to expand and develop research, entrepreneurship and high-growth business in the region. BRF achieves its mission to diversify the region's economy by promoting and developing (1) private and public support and collaboration for economic development initiatives, (2) InterTech Science Park as a brownfields, smart-growth development initiative for specialized medical and healthcare facilities and other knowledge-based enterprises, (3) research collaboration with academic and health institutions for commercialization and the advancement of medical care, (4) a knowledge-based workforce via K-12, higher education, and technical/professional training programs, and (5) support and resources for technology and business innovation with people, research, facilities and funding.

BRF owns 100% of InterTech Venture Fund, LLC (the Fund). The operations of the Fund are included in these consolidated financial statements. The Fund was formed to provide venture capital to new businesses desiring to locate in Northwest Louisiana.

Effective January 25, 2018, BRF organized EdVentures, LLC (EdVentures) as a limited liability company to provide science and technology programs that serve students in Caddo, Bossier and DeSoto parishes. The goal of these programs is to promote an educated local workforce skilled in STEM (science, technology, engineering and mathematics) disciplines, which is necessary for maintaining and attracting new industry to Northwest Louisiana. EdVentures operates as a division of BRF.

BRF owns 100% of Southern Isotopes, LLC, Red River Trails, LLC, and Envision, LLC. Envision is a research development and administration team formed to identify and manage opportunities for clinical trials and translational research, match them with qualified scientific investigators and healthcare providers, and oversee their implementation and successful completion. During the fiscal year ended September 30, 2021, BRF substantially suspended all the operations of Envision, LLC. Southern Isotopes had no operations during the years ended September 30, 2024 or 2023. Red River Trails was created in 2024 and had no operations during the years ended September 30, 2024.

1. Summary of significant activities and accounting policies (continued)

Organization and consolidation (continued)

During the fiscal year ended September 30, 2021, BRF organized CMIT Louisiana, LLC (CMITLA) as a wholly-owned subsidiary to construct and hold the building and equipment related to the Center for Molecular Imaging and Therapy. CMITLA operates a multidisciplinary molecular imaging program consisting of radiochemistry research & production facilities, general science laboratories, and PET Imaging Center primarily engaged in the development and translation of radiopharmaceuticals for a wide array of diseases to offer enhanced clinical care to area patients through "state of the art" molecular imaging tools. The new facility opened effective May 1, 2023, at which time the operations were transferred from BRF to CMITLA. These operations are included in these consolidated financial statements.

During the fiscal year ended September 30, 2021, BRF organized Collaboration Link, LLC (CL). CL was created to promote and support collaboration in Northwest Louisiana with local military institutions.

The consolidated financial statements include the accounts of BRF, LLC and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of operations

In addition to the activities conducted by its wholly-owned subsidiaries described above, BRF conducts a number of other programs as distinct operating units (but not separate legal entities) in support of its mission. Each of these operates under the direction of an Executive Director who is functionally the chief executive officer of the unit. Those major program units include:

- Entrepreneurial Accelerator Program – A financial analytics and support group formed to stimulate the creation of an entrepreneurial ecosystem in Northwest Louisiana. This is accomplished through a variety of methods including providing entrepreneurial educational content to the community, assisting local universities with entrepreneurial education opportunities, and establishing and maintaining systems which connect entrepreneurs to resources and provide assistance to start and grow their business.

- Digital Media Institute – An educational institute providing an intensive "learn by doing" curriculum in digital arts, gaming and computer programming that facilitates real-world occupational training.

- Shreveport Next – A direct business recruitment group formed to locate and recruit businesses who are looking to relocate or expand to Northwest Louisiana and provide jobs in the community. Shreveport Next also aggregates and provides data regarding Northwest Louisiana business climate, state and local incentive programs, and other community data.

1. Summary of significant activities and accounting policies (continued)

Use of estimates

The preparation of consolidated 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, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Restricted cash and cash equivalents

Restricted cash and cash equivalents, which consist primarily of demand deposits and money market accounts, represent assets with donor restrictions for endowment purposes, as well as cash restricted by a lender for a specific purpose (see Note 3) at September 30, 2024 and 2023. These items are considered cash and cash equivalents for purposes of the statements of cash flows.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statements of cash flows.

	2024	2023
Cash and cash equivalents	$ 14,140,437	$ 11,893,268
Restricted cash	3,393,464	2,787,900
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 17,533,901	$ 14,681,168

Accounts receivable

BRF is reimbursed by its tenants for certain operating expenses of its leased properties. BRF determines if these receivables are past-due based on the date of the reimbursement request; BRF, however, does not charge interest on past-due accounts. Rent receivables are typically scheduled to be paid on a monthly basis and are closely monitored during the year; accounts considered to be uncollectible are generally written-off when such conclusions are reached. An allowance for credit losses of $0 was recorded at September 30, 2024 and 2023, respectively.

Patient accounts receivable are recorded at net realizable value based on certain assumptions determined for each payor. For third-party payors including Medicare, Medicaid, and Managed Care companies, the net realizable value is based on the estimated contractual reimbursement percentage, which is based on current contract prices or historical paid claims data by payor. For self-pay accounts receivable, which includes patients who are uninsured and the patient responsibility portion for patients with insurance, the net realizable value is determined using estimates of historical collection experience with consideration of reasonable and supportable forecasts. These estimates are adjusted for estimated conversions of patient responsibility portions, expected recoveries, and any anticipated changes in trends.

1. Summary of significant activities and accounting policies (continued)

Accounts receivable (continued)

Patient accounts receivable can be impacted by the effectiveness of BRF's collection efforts. Additionally, significant changes in payor mix, business office operations, economic conditions or trends in federal and state governmental healthcare coverage could affect the net realizable value of patient accounts receivable. BRF also continually reviews the net realizable value of patient accounts receivable by monitoring historical cash collections, as well as by analyzing current period net revenue by payor classification, aged accounts receivable by payor, days revenue outstanding, and the composition of self-pay receivables between pure self-pay patients and the patient responsibility portion of third-party insured receivables, and current economic conditions and reasonable and supportable forecasts. In the absence of current economic conditions and/or forecasts that may affect future credit losses, CMITLA has determined that recent historical experience provides the best basis for estimating credit losses. At each reporting date, the estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. Because the CMITLA's estimates of patient accounts receivable, adjusted for explicit and implicit price concessions, are expected to be fully collectible, the financial statements do not include an allowance for credit losses.

BRF has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to BRF's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at fair value. Unrealized and realized gains and losses, dividends, interest, and other investment income are recorded in current year operations as an increase or decrease in net assets without donor restrictions unless the use is restricted by the donor.

Investments that do not have readily determinable fair values are valued based on various methods depending on the type of investments. See Note 16 for further details of the determination of investment fair value. Increases and decreases in market value are recognized in the period in which they occur.

Realized gains and losses on dispositions are based on the net proceeds and the amortized cost basis of the securities sold, using the specific identification method.

Notes receivable

Notes receivable are recorded at the amount of the initial investment less payments received and interest is accrued based on the interest rates stated in the promissory note agreement. An allowance for credit losses of $1,235,826 was recorded as of September 30, 2024 and 2023.

1. Summary of significant activities and accounting policies (continued)

Property and equipment

Property and equipment are stated at historical cost. Donated property is recorded at its estimated fair market value on the date received, which is then treated as cost. Additions, renewals, and betterments in excess of $5,000 that increase the value or extend the lives of assets are capitalized. Replacements, maintenance, and repairs that do not increase the values or extend the lives of the respective assets are expensed as incurred.

Depreciation has been provided using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 40 years.

When assets are retired or otherwise disposed, the cost and related accumulated depreciation are removed from the accounts, and any resulting gains or losses are recognized for that period.

Impairment of long-lived assets and long-lived assets to be disposed

BRF reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

No impairments were recognized for the years ended September 30, 2024 and 2023.

Asset retirement obligations

BRF records liabilities equal to the fair value of the estimated cost to retire assets. The asset retirement liability is recorded in the year in which the obligation meets the definition of a liability, which is generally when the asset is placed in service. BRF has recorded a liability for the retirement of its cyclotron assets. In anticipation of replacing and decommissioning the existing cyclotron located in Shreveport, Louisiana, BRF revised the original estimate for that cyclotron asset that was recorded at the acquisition of that asset and recorded an additional asset retirement obligation of $750,000 during the year ended September 30, 2022. During the year ended September 30, 2024, BRF performed remediation work on the Shreveport cyclotron. BRF has maintained an asset retirement obligation of $93,547 for this cyclotron at September 30, 2024. The remaining asset retirement obligation of $576,960 was released during the year ended September 30, 2024.

CMITLA placed a new cyclotron in service in Shreveport, Louisiana during the year ended September 30, 2023. The balance for the asset retirement obligation is $208,719 and $179,167 at September 30, 2024 and 2023, respectively.

1. Summary of significant activities and accounting policies (continued)

Asset retirement obligations (continued)

The Louisiana Department of Environmental Quality requires BRF to maintain letters of credit related to the cyclotron assets. BRF has obtained two letters of credit which have been issued in the maximum amount of $266,788, which are collateralized by two certificates of deposit that renew monthly. The letters of credit expired on October 20, 2024. A continuing agreement for the letters of credit was executed.

Deferred financing costs

Deferred financing costs related to a recognized debt liability are presented in the consolidated statements of financial position as a direct reduction from the carrying amount of the debt liability. Costs deferred are amortized to interest expense over the term of the related debt.

Derivative financial instruments

Management has identified the convertible features of certain notes receivable held by BRF as embedded derivatives, which ASC 815-15-25-1 requires to be measured separately from the host contract. However, because BRF cannot reliably identify and measure the embedded derivatives, it has measured the entire contract at fair value with gains or losses recognized in earnings in accordance with ASC 815-35-2.

Professional liability claims

BRF maintains insurance for protection from losses resulting from professional liability claims. The policy is of the claims-made type. BRF has not experienced material losses from professional liability claims in the past. No accrual for losses has been established.

Patient service revenue

BRF reports revenues from patient services at the amount that reflects the consideration to which BRF expects to be entitled in exchange for providing patient care. These amounts are due from patients, governmental programs, health maintenance organizations, private insurers and others, and include variable consideration for retroactive revenue adjustments due to settlements of audits, reviews and investigations. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by BRF. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. BRF believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The performance obligations are generally satisfied over a period of less than one day.

1. Summary of significant activities and accounting policies (continued)

Patient service revenue (continued)

BRF determines the transaction price based on standard charges for goods and services provided, reduced by explicit concessions provided to third-party payors. BRF determines its estimates of explicit concessions and discounts based on contractual agreements, its discount policies, and historical experience. BRF determines its estimate of implicit price concessions based on historical collection experience with classes of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

BRF has determined that it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts BRF expects to collect based on its collection history with those classes of patients.

Because all of its performance obligations relate to contracts with a duration of less than one year, BRF has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period (if any).

Radiopharmaceutical sales

Revenues from radiopharmaceutical sales are recognized when control of the goods is transferred to the customer, which occurs at a point in time, typically upon delivery or shipment to the customer, depending on shipping terms.

The transaction price recognized is the invoiced price. BRF estimates expected returns based on an analysis of historical experience. BRF adjusts the estimate of revenue at the earlier of when the amount of consideration expected to be received changes or when the consideration becomes fixed. BRF does not have any material significant payment terms as payment is received shortly after the point of sale.

Receivables from radiopharmaceutical sales were $37,005, $40,472, and $104,443 at September 30, 2024, 2023, and 2022, respectively. An allowance for credit losses of $2,200 was recorded at September 30, 2024 and 2023.

1. Summary of significant activities and accounting policies (continued)

Tuition revenue

Tuition revenues consist of student tuition derived from courses offered by the Digital Media Institute. Student tuition is recognized pro-rata over the applicable period of instruction (time elapsed method). A contract is entered into with a student and covers the academic term. Revenue recognition occurs once a student starts attending a course. BRF has no costs that are capitalized to obtain or fulfill a contract with a student.

BRF's tuition receivables represent unconditional rights to consideration from contracts with students; accordingly, students are not billed until they start attending a course and the revenue process has commenced. Tuition receivables were $200,675, $225,181, and $480,248 at September 30, 2024, 2023, and 2022, respectively. An allowance for credit losses of $173,200 and $184,795 was recorded at September 30, 2024 and 2023, respectively.

BRF does not have any contract assets. BRF's contract liabilities are reported as deferred revenue in the consolidated statements of financial position. Unearned tuition represents the excess of tuition received as compared to amounts recognized as revenue in the consolidated statements of activities and changes in net assets and is reflected as liabilities in the accompanying consolidated statements of financial position. BRF's education programs have starting and ending dates that differ from its year-end. Therefore, at year-end, a portion of revenue from these programs is not yet earned. Deferred revenues related to tuition were $34,258, $124,407, and $432,401 at September 30, 2024, 2023 and 2022, respectively.

BRF has identified a performance obligation associated with the provision of its educational instruction and uses the output measure for recognition as the period of time which the services are provided to its students. BRF maintains an institutional refund policy. If a student withdraws at a time when only a portion, or none of the tuition is refundable, then in accordance with its revenue recognition policy, BRF continues to recognize the tuition that was not refunded at the drop date by end of fiscal year.

Contributions

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

Unconditional promises to give are recognized as revenue in the year received. Promises to give are recorded at realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year.

1. Summary of significant activities and accounting policies (continued)

Income taxes

BRF files a consolidated tax return with its parent company, Biomedical Research Foundation of Northwest Louisiana, which is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and, except for unrelated business income (if any), is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code. Pursuant to Louisiana law, this exemption also applies to Louisiana state income and franchise taxes. Accordingly, no provision for income taxes has been made.

BRF applies the accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The determination of whether or not a tax position has met the more-than-likely-than-not recognition threshold considers the facts, circumstances, and information available at the reporting date and is subject to management's judgment. Changes in the recognition or measurement are reflected in the year in which the change in judgment occurs. BRF has evaluated its position regarding the accounting for uncertain income tax positions and determined that it had no uncertain tax positions at September 30, 2024 or 2023.

Environmental obligations

A provision for environmental obligations, other than for asset retirement obligations, is charged to expense when BRF's liability for an environmental assessment and/or cleanup is probable and the cost can be reasonably estimated. Related expenditures are charged against the accrued liability.

Leases

BRF accounts for leases under Accounting Standards Codification ("ASC") 842, *Leases*.

BRF, as a lessor, is required to classify leases as either finance or operating leases, with finance leases further classified as a sales-type lease or as a direct financing lease. BRF is the lessor of office space classified as operating leases under which BRF recognizes the lease payments as income over the lease term, generally on a straight-line basis or as earned.

BRF, as a lessee, has elected to apply the short-term lease exemption to all classes of assets, primarily copiers and office space, where leases that have a term of 12 months or less are excluded from the measurement of the right-of-use asset and lease liability. The short-term lease cost during the years ended September 30, 2024 and 2023, were $16,810 and $31,701, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of significant activities and accounting policies (continued)

Recently adopted accounting pronouncement

Effective January 1, 2023, BRF adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326) – Measurement of Credit Losses on Financial Instruments* (“ASU 2016-13”), as amended. ASU 2016-13 replaces the “incurred loss” credit losses framework with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology which requires management's measurement of the allowance for credit losses to be based on a broader range of reasonable and supportable information for lifetime credit loss estimates. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost. BRF adopted ASU 2016-13 using the modified retrospective method for financial assets measured at amortized cost which consisted primarily of patient receivables, tenant receivables, and notes receivable. The adoption and application of the standard had no material effect on these financial statements.

2. Liquidity and availability

The following represents BRF’s financial assets available for expenditures within one year at September 30:

Financial assets at year-end:	2024	2023
Cash and cash equivalents	$ 17,533,901	$ 14,681,168
Certificates of deposit	266,788	264,579
Accounts receivable	1,497,426	1,301,239
Mutual funds	9,204,489	6,805,881
Exchange traded funds	10,509,646	8,767,594
Total financial assets	39,012,250	31,820,461
Less amounts not available to be used within one year:		
Endowment fund – donor restricted	5,465,767	2,613,838
Cash restricted by lender	1,809,534	174,062
Certificates of deposit – pledged	266,788	264,579
Financial assets available to meet general expenditures over the next twelve months	$ 31,470,161	$ 28,767,982

BRF manages liquidity by maintaining certain cash and cash equivalents of over $1,500,000 to meet any operating cash flow needs for an extended period as well as any major maintenance and repairs needed. As part of its liquidity plan, excess cash, when available, is invested in short-term investments, including money market accounts. The interest earned is used as part of the operating cash flow needs.

2. Liquidity and availability (continued)

BRF had amounts due to related parties of $27,104,005 and $27,102,001 at September 30, 2024 and 2023, respectively, which are not reflected in the table above. These amounts due to the related parties have no set repayment terms and primarily represent funds that have been transferred to BRF for the purpose of investment management and supporting the operations of BRF. There are no associated restrictions. See Note 11 for additional information.

3. New Market Tax Credit Program

The New Market Tax Credit (NMTC) Program was designed to stimulate investment and economic growth in low-income communities by offering taxpayers a tax credit against federal income taxes over a seven-year period for Qualified Equity Investments (QEI) in designated Community Development Entities (CDEs). CDEs receive NMTC allocations pursuant to Section 45D of the Internal Revenue Code. These designated CDEs must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICI). To earn the tax credit, the QEI must remain invested in the CDE for a seven-year period. Also, the entity receiving the loans must be treated as a Qualified Active Low-Income Community Business (QALICB) for the duration of the seven-year period. QALICB requirements are outlined in Treasury Regulation Section 1.45D-1(d)(4)(i).

In June 2021, BRF organized CMIT Louisiana, LLC (CMITLA) and entered into multiple agreements to facilitate the acquisition of state-of-the-art equipment for radiopharmaceutical manufacturing and research. BRF funded the NMTC leverage loan (see Note 6) to Stonehenge Louisiana NMTC Investment Fund, LLC (SIF), whose sole member is an unrelated third party to BRF. SIF used the NMTC leverage loan to refinance a capital contribution to Stonehenge Community Development 154, LLC (the CDE). The CDE, in turn, used the funding to originate a QLICI Loan to CMITLA. CMITLA has reserved these funds for the purchase of equipment and to pay professional fees associated with the NMTC transaction.

The transaction is subject to an option agreement. The SIF has an option whereby upon exercise of the option after the last day of the tax credit investment period, BRF is obligated to purchase all the membership interest in SIF.

In September 2024, BRF and CMIT Louisiana, LLC (CMITLA) entered into multiple agreements to refinance and fund certain related party debt and working capital. BRF funded the NMTC leverage loan (see Note 6) to Stonehenge Louisiana NMTC Investment Fund II, LLC (SIFII), whose sole member is an unrelated third party to BRF. SIFII used the NMTC leverage loan to refinance a capital contribution to Stonehenge Community Development 170, LLC (the 170 CDE). The 170 CDE, in turn, used the funding to originate a QLICI Loan to CMITLA and a loan to Twain Investment Fund 801, LLC (Twain). Twain used the funds to refinance a capital contribution to Pacesetter CDE 44, LLS (Pacesetter) who, in turn, used the funding to originate a QLICI Loan to CMITLA. CMITLA has reserved the remaining funds for its future working capital costs and to pay professional fees associated with the NMTC transaction.

The transaction is subject to an option agreement. Both SIFII and Pacesetter have an option whereby upon exercise of the option after the last day of the tax credit investment period, BRF is obligated to purchase all the membership interest in SIFII and Pacesetter.

3. New Market Tax Credit Program (continued)

The tax credits associated with the transaction are contingent on BRF maintaining compliance with applicable portions of Section 42 of the Internal Revenue Code. Failure to maintain compliance or to correct noncompliance within a specified period could result in recapture of previously taken tax credits plus penalties and interest. BRF has signed a QALICI Indemnification Agreement that obligates them to pay any NMTC recapture amount as defined in Section 45D(g)(2) of the Internal Revenue Code, to investors within the NMTC structure with respect to related tax credits that have been claimed. Recapture or disallowance can result in CMITLA failing to qualify as a QALICB, among others.

4. Patient service revenue

BRF's revenues generally relate to contracts with patients in which the performance obligations are to provide health care services to patients, and BRF records revenues as performance obligations are satisfied. The performance obligations for outpatient services are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans, and commercial insurance companies).

The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections (the "hindsight analysis") as a primary source of information in estimating the collectability of accounts receivable.

BRF has agreements with governmental and other third-party payors that provide for payments to BRF at amounts different from its established rates. Explicit price concessions under third-party reimbursement programs represent the differences between BRF's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors is as follows:

- *Medicare* - services rendered to Medicare program beneficiaries are paid at prospectively determined rates-per-discharge that include defined capital costs. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

- *Medicaid* - services rendered to Medicaid program beneficiaries are reimbursed at a prospectively determined fee schedule.

- *Commercial and HMO* - BRF has also entered into agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. Payment methodologies under these agreements include discounts from established charges and prospectively determined rates.

BRF recorded approximately $5,326,000 and $4,540,000 of implicit and explicit price concessions as a direct reduction of net operating revenues during the years ended September 30, 2024 and 2023, respectively. BRF had patient receivables of $821,321, $455,582, and $446,850 recorded at September 30, 2024, 2023, and 2022, respectively.

5. Investments

Investments at September 30, 2024 and 2023, consisted of the following:

	2024	2023
Limited partnership interests	$ 1,155,121	$ 998,627
Certificates of deposit	266,788	264,579
Preferred stock	2,380,364	2,946,530
Mutual funds	9,204,489	6,805,881
Exchange traded funds	10,509,646	8,767,594
	$ 23,516,408	$ 19,783,211

Following is the composition of investment revenues (losses) for the years ended September 30, 2024 and 2023:

	2024	2023
Dividends, interest, and realized gains	$ 1,259,431	$ 76,065
Change in unrealized gains (losses) on investments	3,359,863	(2,145,480)
	4,619,294	(2,069,415)
Other investment revenues (losses)	388,480	661,629
	$ 5,007,774	$ (1,407,786)

See Note 16 for fair value disclosures related to investments.

6. Notes receivable

BRF has issued convertible promissory notes receivable to several unrelated parties that are associated with its Entrepreneurial Accelerator Program. The notes bear interest at rates ranging from 8% to 12% and have scheduled maturities ranging from on demand through July 27, 2025. The payment of all principal and accrued interest is due upon maturity. In accordance with the terms of the various agreements, BRF has the right to convert the notes into cash or common stock. As of September 30, 2024 and 2023, BRF recorded an allowance of $1,233,826 for notes it believes to be uncollectible.

On June 28, 2021, BRF issued a promissory note in the amount of $3,637,500 to Stonehenge Louisiana NMTC Investment Fund, LLC (SIF). SIF's sole member is another corporation that is wholly owned by a financial institution. The promissory note is collateralized by SIF's interest in Stonehenge Community Development 154, LLC (CDE) related to the NMTC transaction and is stated at the principal amount outstanding. Payments on the promissory note are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. CDE is also a lender to CMIT Louisiana, LLC (see Note 8). Management assesses the credit quality and collectability of the SIF note on an on-going basis. The promissory note is also evaluated for impairment periodically. Management has determined that no allowance is necessary, and no impairment has occurred as of September 30, 2024 or 2023.

6. Notes receivable (continued)

On September 6, 2024, BRF issued a promissory note in the amount of $3,775,000 to Stonehenge Louisiana NMTC Investment Fund II, LLC (SIFII). SIFII's sole member is another corporation that is wholly owned by a financial institution. The promissory note is collateralized by SIFII's interest in Stonehenge Community Development 170, LLC (CDE) related to the NMTC transaction and is stated at the principal amount outstanding. Payments on the promissory note are allocated first to accrued and unpaid interest with the remainder to the outstanding principal balance. CDE is also a lender to CMIT Louisiana, LLC (see Note 8). Management assesses the credit quality and collectability of the SIF note on an on-going basis. The promissory note is also evaluated for impairment periodically. Management has determined that no allowance is necessary, and no impairment has occurred as of September 30, 2024.

BRF extended a $4,000,000 line of credit to a related entity, which had an outstanding balance of $2,243,102 and $2,743,316 at September 30, 2024 and 2023, respectively. The line bears interest at the Prime Rate plus 2% (10.50% at September 30, 2024 and 2023) and is payable upon demand.

During the year ended September 30, 2023, BRF extended a $2,090,000 line of credit to an unrelated party. During the year ended September 30, 2024, this line was amended to total $2,590,000 and had an outstanding balance of $2,590,000 and $1,955,000 at September 30, 2024 and 2023, respectively. The line bears interest at 10% and is payable upon demand. During the year ended September 30, 2024, BRF extended a separate line of credit to the same unrelated party for $1,500,000 and has an outstanding balance of $1,220,528 as of September 30, 2024. The line bears interest of 12% and is payable on demand. Both lines of credit are secured by the assets of the unrelated party.

The notes are expected to mature as follows:

Year ending September 30th	Amount
Past due	$ 1,107,803
On demand	5,762,140
2025	3,997,124
2026	-
2027	-
2028	3,637,500
2029	-
Thereafter	3,775,000
	18,279,567
Less: Allowance	(1,235,826)
	$ 17,043,741

7. Property and equipment

The composition of property and equipment at September 30, 2024 and 2023 was as follows:

	Estimated useful lives	2024	2023
Land	-----	$ 11,685,727	$ 11,178,766
Building and improvements	4 - 40 years	81,120,073	81,283,307
Furniture and fixtures / equipment	3 - 20 years	25,072,467	22,934,567
		117,878,267	115,396,640
Less accumulated depreciation		(54,439,592)	(53,158,453)
Property and equipment, net		$ 63,438,675	$ 62,238,187

The majority of BRF's property and equipment is being held for lease or future development. Depreciation expense totaled $2,812,124 and $2,513,101 for the years ended September 30, 2024 and 2023, respectively.

8. Notes payable

During the year ended December 31, 2010, BRF refinanced all of its outstanding revenue bonds and notes payable with a national financial institution. The note payable was issued in the amount of $12,000,000, bore interest at a variable rate equal to the LIBOR rate plus 2.50% (5.52% at September 30, 2023), and was secured by an assignment of leases, real estate, and investments. The note was due in monthly installments of principal and interest with a balloon payment originally due on November 30, 2020. The due date of the balloon payment was extended to February 28, 2024. The outstanding balance on the note payable was $3,610,951 at September 30, 2023. On November 1, 2023, BRF refinanced that note with a regional financial institution through a note issued in the amount of $3,762,578. This note is due in monthly installments of principal and interest with a balloon payment of $2,324,271 due on November 1, 2029, bears interest at a fixed rate of 4.25% and is secured by real estate. The outstanding balance on this note payable was $3,422,196 at September 30, 2024.

On June 28, 2021, CMIT Louisiana, LLC entered into two notes payable with Stonehenge Community Development 154, LLC (see Note 3). The notes payable were issued in the combined amount of $5,000,000 and bear interest at a fixed rate of 1.479%, and are secured by equipment. The notes are payable in quarterly installments of interest only until December 5, 2027, then quarterly payments of principal and interest ending on June 28, 2051. The outstanding balance on these notes payable was $5,000,000 at September 30, 2024 and 2023.

On November 1, 2022, CMIT Louisiana, LLC entered into a note payable in the amount of $8,583,885 with a regional financial institution. This note is due in monthly installments of principal and interest with a balloon payment due on November 1, 2029, bears interest at a fixed rate of 4.25% and is secured by real estate. BRF, LLC is the guarantor on this note. The outstanding balance on this note payable was $8,218,557 and $8,420,243 at September 30, 2024 and 2023, respectively.

8. Notes payable (continued)

On September 6, 2024, CMIT Louisiana, LLC entered into two notes payable with Stonehenge Community Development 170, LLC (see Note 3). The notes payable were issued in the combined amount of $2,076,800 and bear interest at a fixed rate of 1.455%. The notes are payable in quarterly installments of interest only until December 5, 2031, then quarterly payments of principal and interest ending on September 5, 2054. The outstanding balance on these notes payable was $2,076,800 at September 30, 2024.

On September 6, 2024, CMIT Louisiana, LLC entered into two notes payable with Pacesetter CDE 44 LLC (see Note 3). The notes payable were issued in the combined amount of $3,920,000 and bear interest at a fixed rate of 1.085%. The notes are payable in quarterly installments of interest only until December 5, 2031, then quarterly payments of principal and interest ending on September 5, 2054. The outstanding balance on these notes payable was $3,920,000 at September 30, 2024.

As part of the loan agreements, BRF has agreed to comply with certain covenants. These consist, primarily, of reporting requirements, financial covenants, restrictions on additional debt and security interests, maintenance of its tax-exempt status, maintenance of its facilities, and other administrative requirements.

BRF incurred total interest expense on all types of financing of $606,954 and $595,691 for the years ended September 30, 2024 and 2023, respectively.

The long-term debt is scheduled to mature during the years ended September 30th as follows:

Year ending September 30th	Amount
2025	$ 409,054
2026	427,031
2027	445,799
2028	641,496
2029	665,517
Thereafter	20,048,656
	$ 22,637,553

The total amount outstanding on the notes payable has been reduced on the consolidated statements of financial position by $967,798 and $394,629 of unamortized deferred financing costs at September 30, 2024 and 2023, respectively.

9. Unconditional promises to give

Unconditional promises to give at September 30, 2024 and 2023, consisted of the following:

	2024	2023
Promises to give expected to be collected in:		
Less than one year	$ 51,100	$ 53,100
One to five years	144,000	-
	195,100	53,100
Less: Discount to net present value	(34,172)	(12,107)
Net present value of promises to give	$ 160,928	$ 40,993

The discount rate used on the valuation of long-term promises to give ranges from 1.68% to 4.5% for the years ended September 30, 2024 and 2023, the rate of return on the 5-year U.S. Treasury Bill at the date of the pledge.

10. Net assets

Net assets with donor restrictions were as follows at September 30:

	2024	2023
Specific purpose		
SMART Program	$ 14,227	$ 25,418
Education Fund	36,085	73,425
LED Grant BioSpace 1	61,975	61,975
Lead the Way	10,000	10,000
Eastern Star	370	370
Roche-Wake Forest	177,632	177,632
Core Lab	112,281	76,131
Other	2,206	24,383
EAP Financial Analyst	157,935	-
CMIT Construction Capital Campaign	2,286	40,993
	574,997	490,327
Endowment Fund		
Endowment Fund	5,465,767	2,720,373
Unrealized investment loss on restricted assets	-	(213,071)
	$ 6,040,764	$ 2,997,629

Net assets of $226,780 and $208,981 were released from restrictions during the years ended September 30, 2024 and 2023, respectively, due to BRF making payments which satisfied the restrictions.

10. Net assets (continued)

Net assets with donor restrictions at September 30, 2024 and 2023, included endowment funds the principal of which is restricted in perpetuity. The income is unrestricted, with the exception of the income related to an endowment established during the year ended September 30, 2021. That income is restricted for use by the Entrepreneurial Accelerator Program. Endowed net assets are included in the mutual funds and exchange traded funds categories disclosed in Note 5. The related unrealized gains and losses are also disclosed in in Note 5.

A summary of changes in endowed net assets as of and for the years ended September 30, 2024 and 2023, is as follows:

	Board Designated / Without Donor Restrictions	With Donor Restrictions	Total
Endowed net assets – September 30, 2022	$ 845,695	$ 2,566,068	$ 3,411,763
Investment gains	47,769	47,770	95,539
Contributions	-	-	-
Endowed net assets – September 30, 2023	$ 893,464	$ 2,613,838	$ 3,507,302
Investment gains	201,291	202,441	403,732
Contributions	-	2,649,488	2,649,488
Endowed net assets – September 30, 2024	$ 1,094,755	$ 5,465,767	$ 6,560,522

BRF has established prudent investments and spending policies with the objective of maintaining the purchasing power of its endowed net assets in perpetuity and to provide a stable level of support. In an effort to achieve this objective, BRF's asset allocation strategy is periodically reviewed and adjusted to maximize return while limiting risk. During the year ended September 30, 2024, the Board of Directors approved the spending rate to stay the same 4.0% from prior year.

A portion of restricted cash and cash equivalents at September 30, 2024 and 2023, has been restricted for endowment purposes.

11. Related party transactions

Certain members of the Board of Directors and senior staff may be affiliated with organizations that provide services to BRF and its affiliates. BRF has a policy and procedures for identifying potential conflicts of interest and of periodically obtaining documentation and independent reviews of its insurance program, maintaining banking relationships with multiple financial institutions, and obtaining formal bids on all significant purchases to ensure that all transactions with related parties are at fair market value.

11. Related party transactions (continued)

At September 30, 2023, the Foundation owed BRF $110,084 for expenses paid by BRF on the Foundation's behalf. These amounts are presented in the consolidated statements of financial position as due from related party. At September 30, 2023, BRF owed the Foundation $27,098,431 for funds that have been transferred to BRF for the purpose of investment management and supporting the operations of BRF, as well as $3,570 to Omicron Technology Solutions, which is a wholly owned subsidiary of the Foundation. These amounts due have no set repayment terms. These amounts are presented in the consolidated statements of financial position as due to related party.

At September 30, 2024, the Foundation owed BRF $110,084 for expenses paid by BRF on the Foundation's behalf. These amounts are presented in the consolidated statements of financial position as due from related party. At September 30, 2024, BRF owed the Foundation $27,098,431 for funds that have been transferred to BRF for the purpose of investment management and supporting the operations of BRF, as well as $5,574 to Omicron Technology Solutions, which is a wholly owned subsidiary of the Foundation. These amounts due have no set repayment terms. These amounts are presented in the consolidated statements of financial position as due to related party.

12. Rental revenues

Effective October 1, 2013, BRF and the Board of Supervisors of Louisiana State University (LSU) entered into a lease agreement for the Virginia K. Shehee Biomedical Research Institute. The lease agreement, which encompasses the entire Virginia K. Shehee Biomedical Research Institute as well as some additional square footage of the central plant building, is for a term of 30 years and contains an additional 10-year option. The lease requires minimum monthly payments plus reimbursement for operating expenses. The fixed minimum rent will be adjusted upon each second anniversary of the lease date for changes in the consumer price index and may be adjusted every fifth year based on the then fair market value of the leased premises; however, there will be no adjustments below the fixed minimum rent established at the initial lease date. The effective monthly payments were $583,364 less $35,322 for premises leased back to BRF, or $548,042 for the months of October 2022 through June 2023. Effective July 1, 2023, the square footage of the leased premises changed, and the effective monthly payments were $583,364 less $10,669 for premises leased back to BRF, or $572,695 for the months of July through September 2023. Effective October 2023, the effective monthly payments were $667,657 less $2,419 for premises leased back to BRF, or $665,238.

In addition to the lease with LSU, BRF has entered into approximately fifteen additional agreements for the leasing of its properties. The leases have terms ranging from month-to-month to five years and require payments ranging from $262 / month to $14,735 / month.

In accordance with the terms of these agreements, BRF recorded rental revenues of approximately $11,144,260 and $10,363,000 during the years ended September 30, 2024 and 2023, respectively.

An additional $4,715,000 of rental revenue was recognized related to the termination of a lease agreement by a tenant in the fiscal year ending September 30, 2023. The agreement included a termination fee of $6,178,000, which was offset by the write-off of a $1,463,000 rent receivable related to the escalation clause included in the lease.

12. Rental revenues (continued)

The future minimum lease payments expected to be received from the lease with LSU as well as additional operating leases for office and laboratory facilities and real property, during the next five years is as follows:

Year ending September 30th	Amount
2025	$ 8,357,439
2026	8,332,944
2027	8,297,724
2028	8,125,439
2029	7,982,856
	$ 41,096,402

13. Cooperative endeavor agreements

BRF has entered into a cooperative endeavor agreement with the State of Louisiana and the Louisiana Department of Economic Development to provide funding to expand CMITLA for Molecular Imaging & Therapy and retain, create and maintain jobs and payroll and capital investments. No revenues have been recognized relating to this agreement to date.

During the fiscal year ended September 30, 2021, BRF entered into a cooperative endeavor agreement with the Caddo-Bossier Parishes Port Commission to provide funding for Shreveport Next. BRF recognized revenues relating to this agreement of approximately $100,000 during the year ended September 30, 2022.

During the fiscal year ended September 30, 2022, BRF entered into a cooperative endeavor agreement with the Louisiana Department of Economic Development to provide funding to provide and promote the Digital Media Institute across the state of Louisiana. BRF recognized revenues relating to this agreement of approximately $87,000 and $102,000 during the years ended September 30, 2024 and 2023, respectively.

During the fiscal year ended September 30, 2024, CMIT received $2,000,000 of federal funds from the Health Resources and Services Administration to assist the Organization in acquiring healthcare equipment to be used in research and clinical trials. The revenue is reflected in government grants and contracts in the accompanying consolidated financial statements.

14. Retirement benefit plan

BRF has a defined contribution plan under IRS Code Section 401(k) that covers substantially all full-time employees who are over the age of twenty-one and who have met eligibility requirements. Discretionary contributions by BRF include matching contributions to the employee 401(k) plan up to certain limits of compensation. Total expenses were $246,117 and $238,609 for the years ended September 30, 2024 and 2023, respectively. Total combined employer and employee contributions were $556,700 and $537,672 for the years ended September 30, 2024 and 2023, respectively.

15. Business and credit concentrations

Financial instruments which potentially subject BRF to concentrations of credit risk consist principally of unsecured accounts receivable and temporary cash investments.

BRF maintains its cash investments with regional and national financial institutions. The balances, at times, may exceed federally insured limits. Management believes the credit risk associated with these deposits is minimal.

BRF grants credit to patients, substantially all of whom are regional residents. BRF generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, and commercial insurance policies).

The mix of revenues from patients and third-party payors for the years ended September 30, 2024 and 2023, was as follows:

	2024	2023
Medicare	49.19%	57.79%
Medicaid	8.70%	11.19%
Commercial insurance and managed care organizations	34.43%	18.17%
Self-pay patients and other	7.68%	12.85%
	100.00%	100.00%

The mix of receivables from patients and third-party payors at September 30, 2024 and 2023, was as follows:

	2024	2023
Medicare	64.88%	58.59%
Medicaid	4.18%	9.88%
Commercial insurance and managed care organizations	22.75%	18.06%
Self-pay patients and other	8.19%	13.47%
	100.00%	100.00%

16. Fair value of financial instruments

In accordance with the *Fair Value Measurements and Disclosures* topic of FASB ASC, disclosure of fair value information about financial instruments, whether or not recognized in the statements of financial position, is required. 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. 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. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments; therefore, the aggregate fair value amounts presented do not represent the underlying value to BRF.

16. Fair value of financial instruments (continued)

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

The Fair Value Measurements and Disclosures topic of the FASB ASC provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the framework are described as follows:

- Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that BRF has the ability to access.
- Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by BRF in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents and certificates of deposit - the carrying amounts approximate fair values because of the short maturity of these instruments.

Limited partnerships and preferred stock - limited partnership interests are valued using inputs which may include current and historical financial results of the issuer as well as sales, debt and stock price data of similar public companies.

16. Fair value of financial instruments (continued)

Mutual funds - valued at the daily closing price as reported by the mutual fund. Mutual funds held by BRF are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by BRF are deemed to be actively traded.

Exchange traded funds - valued at the closing price reported on the active market on which the individual securities are traded.

Long-term debt - the carrying amount of BRF's long-term debt approximates its fair value.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Management typically uses the market approach for which sufficient and reliable data is available. The use of the market approach generally consists of using recent or similar market transactions.

Fair value estimates are made at a specific point in time, based on relevant market information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The following table presents the fair-value hierarchy level of BRF's financial assets and liabilities that are measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
September 30, 2024:				
Limited partnerships	$ -	$ -	$ 1,155,121	$ 1,155,121
Preferred stock	-	-	2,380,364	2,380,364
Certificates of deposit	266,788	-	-	266,788
Mutual funds - equities	9,204,489	-	-	9,204,489
Exchange traded funds	10,509,646	-	-	10,509,646
	$ 19,980,923	$ -	$ 3,535,485	$ 23,516,408

	Level 1	Level 2	Level 3	Total
September 30, 2023:				
Limited partnerships	$ -	$ -	$ 998,627	$ 998,627
Preferred stock	-	-	2,946,530	2,946,530
Certificates of deposit	264,579	-	-	246,579
Mutual funds - equities	6,805,881	-	-	6,805,881
Exchange traded funds	8,767,594	-	-	8,767,594
	$ 15,383,054	$ -	$ 3,945,157	$ 19,783,211

16. Fair value of financial instruments (continued)

The following table presents the changes in fair value for the years ended September 30, 2024 and 2023, in Level 3 instruments that are measured at fair value on a recurring basis:

	2024	2023
Balance - beginning of the year	$ 3,945,157	$ 5,930,157
Purchases	177,050	492,046
Unrealized gains (losses) on investments	(586,722)	(2,477,046)
Conversion of promissory notes	-	-
Proceeds from sale of investments	-	-
Loss from equity investment	-	-
Balance - end of the year	$ 3,535,485	$ 3,945,157

17. Commitments and contingencies

BRF receives a portion of its revenues from government grants and contracts which are subject to audit. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to and subject to audit by the government. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

BRF receives, directly or indirectly, a portion of its revenues from government ad valorem tax millages which are set to expire in 2032 if not renewed. BRF does not anticipate a material change in these revenues.

In management's opinion, environmental issues will not have a material impact on the net assets of BRF. Liabilities related to the cost of future investigation and remediation of environmental issues and the amounts of any grants that might be available to offset those costs cannot be readily determined at this time and as such no accrual for them has been made in these consolidated financial statements.

BRF is involved in various legal actions and claims that arose as a result of events that occurred in the normal course of operations. The ultimate resolution of these matters is not ascertainable at this time; however, management is of the opinion that any liability or loss in excess of insurance coverage resulting from such litigation will not have a material effect upon the financial position of BRF.

On March 2, 2021, a related party of BRF entered into a note payable with a regional financial institution in order to acquire and relocate assets to promote job creation in Northwest Louisiana. BRF and the Foundation agreed to guarantee the note payable if certain conditions were not met by the related party, and BRF and the Foundation agreed to maintain a sufficient level of liquidity to cover the remaining outstanding portion of the note payable. As of September 30, 2024 and 2023, all conditions were met by the related party, therefore no liability was accrued. BRF and the Foundation's maximum potential exposure as of September 30, 2024 and 2023 was $2,243,102 and $2,568,166 respectively.

18. Composite score calculation

As part of the Digital Media Institute's Council on Occupational Education accreditation process and to participate in federal student aid programs, it must submit audited financial statements demonstrating its fiscal responsibility by maintaining a minimum composite score (defined by the U.S Department of Education) of 1.5. BRF's composite score using the standards of financial responsibility is 3.0 as of September 30, 2024. The components and ratios used to compute this amount are presented below.

		September 30, 2024			
(1)	Expendable net assets	$ 24,808,031	(4)	Modified assets	$ 123,531,393
(2)	Total expenses	21,617,412	(5)	Change in unrestricted net assets	6,551,222
(3)	Modified net assets	72,042,718	(6)	Total unrestricted revenues	27,590,827

Primary reserve 1.2 Equity 1.2 Net Income 0.6

19. Subsequent events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 19, 2025, and determined that there were no events that occurred that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

This organization is not required to report the total compensation, reimbursements, and benefits paid to the agency head as these costs are supported by private funds.

BRF, LLC
SHREVEPORT, LOUISIANA

DIGITAL MEDIA INSTITUTE
SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Revenues	
Tuition	$ 257,349
Grants	87,115
Other	(14,432)
Total revenues	330,032
Expenses	
Salaries and benefits	519,339
Professional services	38,964
Insurance	4,279
Travel	17,402
Registration and conference fees	8,736
Taxes and Licenses	495
Subscriptions	31,773
Meals and entertainment	2,756
Advertising	249,813
Supplies	619
Other office expenses	2,968
Lease payments	1,672
Information systems	90,036
Depreciation	56,919
Bad debt	(16,196)
Interest expense	207
Bank fees	4,581
Class and student supplies	12,775
Other	717
Total expenses	1,027,855
Excess of expenses over revenues	$ (697,823)

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2024

	InterTech Venture Fund	CMIT Louisiana, LLC	Collaboration Link, LLC	BRF, LLC
ASSETS				
Cash and cash equivalents	$ 4,280	$ 288,684	$ -	$ 13,847,473
Restricted cash and cash equivalents	-	1,809,534	-	1,583,930
Accounts receivable, net of allowances for credit losses	-	883,376	17,918 -	596,132
Unconditional promises to give	-	2,893	-	157,935
Prepaid expenses	-	100,937	-	230,066
Inventory	-	-	-	9,410
Investments	93,977	-	-	24,008,978
Notes receivable and accrued interest	332,031	-	-	16,711,710
Property and equipment, net	-	19,313,818	-	44,124,857
Due from related party	170,409	-	-	632,121
Total assets	$ 600,697	$ 22,399,242	$ 17,918	$ 101,902,612
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	$ -	$ 172,613	$ 1,378	$ 2,051,925
Note payable - short term	-	211,567	-	197,487
Note payable - long term	-	18,056,080	-	3,204,621
Deferred revenue	-	-	-	140,540
Due to related party	-	522,037	-	27,274,414
Asset retirement liability	-	208,719	-	93,547
Total liabilities	-	19,171,016	1,378	32,962,534
NET ASSETS				
Without donor restrictions	600,697	3,225,940	16,540	62,901,600
With donor restrictions	-	2,286	-	6,038,478
Total net assets	600,697	3,228,226	16,540	68,940,078
Total liabilities and net assets	$ 600,697	$ 22,399,242	$ 17,918	$ 101,902,612

(continued)

Elimination Entries DR	Elimination Entries CR	BRF, LLC Consolidated
$ -	$ -	$ 14,140,437
-	-	3,393,464
-	-	1,497,426
		-
-	-	160,828
-	-	331,003
-	-	9,410
-	586,547	23,516,408
-	-	17,043,741
-	-	63,438,675
-	692,446	110,084
		$ 123,641,476
$ -	$ -	$ 2,225,916
-	-	409,054
-	-	21,260,701
-	-	140,540
692,446	-	27,104,005
-	-	302,266
		51,442,482
586,547	-	66,158,230
-	-	6,040,764
		72,198,994
		$ 123,641,476

(concluded)

BRF, LLC
SHREVEPORT, LOUISIANA

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2024

	InterTech Venture Fund	CMIT Louisiana, LLC	Collaboration Link, LLC	BRF, LLC
REVENUES AND SUPPORT:				
Net patient service revenue	$ -	$ 4,042,656	$ -	$ -
Support - philanthropic	-	-	-	3,586,173
Rental revenues	-	-	-	11,144,260
Local government operating revenue	-	-	-	3,130,662
Government grants and contracts	-	2,000,000	-	495,159
Investment revenues (losses)	14,150	-	-	3,392,359
Interest revenues	-	9,094	-	1,592,171
Radiopharmaceutical sales	-	373,385	-	-
Tuition revenues	-	-	-	257,349
Management fees	-	-	-	1,443,120
Other revenues	-	40,583	241,979	361,725
Total revenues and support	14,150	6,465,718	241,979	25,402,978
EXPENSES:				
Program services:				
Center for Molecular Imaging and Therapy	-	6,452,106	-	1,438,672
Collaboration Link	-	-	241,979	47,743
Entrepreneurial Accelerator Program	-	-	-	1,324,644
Digital Media Institute	-	-	-	1,027,855
Real Estate Management and Development	-	-	-	6,998,217
Shreveport Next	-	-	-	356,099
Other sponsored projects	-	-	-	737,671
Total program services	-	6,452,106	241,979	11,930,901
Support services:				
Management and general	-	-	-	4,092,422
Fund-raising	-	-	-	390,867
Total support services	-	-		4,483,289
Total expenses	-	6,452,106	241,979	16,414,190
NONOPERATING REVENUES (EXPENSES):				
Gain (loss) on disposal of fixed assets	-	(1,340)	-	2,187
Gain on asset retirement obligation	-	-	-	576,960
Total nonoperating revenues	-	(1,340)	-	579,147
CHANGE IN NET ASSETS	14,150	12,272	-	9,567,935
Capital contribution from Parent	-	-	-	-
Capital distribution to Parent	-	(539,500)	-	-
Capital contribution from Subsidiary	-	-	-	539,500
Capital contribution to Subsidiary	-	-	-	-
Net assets - beginning of year	586,547	3,755,454	16,540	58,832,643
Net assets - end of year	$ 600,697	$ 3,228,226	$ 16,540	$ 68,940,078

(continued)

Elimination Entries DR	Elimination Entries CR	BRF, LLC Consolidated
$ -	$ -	$ 4,042,656
-	-	3,586,173
-	-	11,144,260
-	-	3,130,662
-	-	2,495,159
-	-	3,406,509
-	-	1,601,265
-	-	373,385
-	-	257,349
1,443,120	-	-
47,743	-	596,544
		30,633,962
-	1,443,120	6,447,658
-	47,743	241,979
-	-	1,324,644
-	-	1,027,855
-	-	6,998,217
-	-	356,099
-	-	737,671
		17,134,123
-	-	4,092,422
-	-	390,867
		4,483,289
		21,617,412
-	-	847
-	-	576,960
		577,807
		9,594,357
-	-	-
539,500	-	-
	539,500	-
-	-	-
		-
586,547	-	62,604,637
		$ 72,198,994

(concluded)

BRF, LLC
SHREVEPORT, LOUISIANA

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
SEPTEMBER 30, 2024

Primary Reserve Ratio

Lines		**Expendable Net Assets:**		
p. 4, line 18	Consolidated Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		$ 66,158,230
p. 4, line 19	Consolidated Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		$ 6,040,764
p. 4, line 10, p. 30, Note 11	Consolidated Statement of Financial Position - Related party receivable	Secured and Unsecured related party receivable	$ 110,084	
p. 4, line 10, p. 30, Note 11	Consolidated Statement of Financial Position - Related party receivable	Unsecured related party receivable		$ 110,084
p. 4, line 9	Consolidated Statement of Financial Position - Property, Plant, & Equipment, net	Property, Plant, & Equipment, net - including construction-in-progress	$ 63,438,675	
p. 45, Note for Page 4, Line 9	Note of the Financial Statements - Consolidated Statement of Financial Position - Property, Plant, and Equipment, net - pre-implementation	Property, Plant, & Equipment, net - pre-implementation less any construction-in-progress		$ 35,625,648
p. 45, Note for Page 4, Line 9	Note of the Financial Statements - Consolidated Statement of Financial Position - Property, Plant, and Equipment, net - post-implementation with outstanding debt for original purchase	Property, Plant, & Equipment, net - post-implementation less any construction-in-progress with outstanding debt for original purchase with debt		$ 4,277,556
p. 45, Note for Page 4, Line 9	Note of the Financial Statements - Consolidated Statement of Financial Position - Property, Plant, and Equipment, net - post-implementation without outstanding debt for original purchase	Property, Plant, & Equipment, net - post-implementation less any construction-in-progress without outstanding debt for original purchase		$ 22,133,990
p. 45, Note for Page 4, Line 9	Note of the Financial Statements - Consolidated Statement of Financial Position - Construction in process	Construction in process		$ 1,401,480
p. 4, line 13, p. 27, Note 8, p. 45, Note for Page 4, Line 13	Consolidated Statement of Financial Position - Notes payable (both current and long-term)	Long-term debt for long-term purposes	$ 21,669,755	
p. 4, line 13, p. 27, Note 8, p. 45, Note for Page 4, Line 13	Consolidated Statement of Financial Position - Notes payable (both current and long-term)	Long-term debt for long-term purposes pre-implementation		$ -
p. 4, line 13, p. 27, Note 8, p. 45, Note for Page 4, Line 13	Consolidated Statement of Financial Position - Notes payable (both current and long-term)	Long-term debt for long-term purposes post-implementation		$ 4,689,583
p. 4, line 13, p. 27, Note 8, p. 45, Note for Page 4, Line 13	Consolidated Statement of Financial Position - Notes payable (both current and long-term)	Long-term debt for construction in process		$ -

BRF, LLC
SHREVEPORT, LOUISIANA

FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
SEPTEMBER 30, 2024

(continued)

p. 28, Note 10	Note of the Financial Statements - Consolidated Statement of Financial Position - Net assets with donor restrictions: endowments	Net assets with donor restrictions: endowments		$ 5,465,767
		Total Expenses:		
p. 5, line 46	Consolidated Statement of Activities and Changes in Net Assets - Total expenses	Total expenses without donor restrictions - taken directly from Statement of Activities		$ 21,617,412

Equity Ratio

Lines		**Modified Net Assets:**		
p. 4, line 18	Consolidated Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions		$ 66,158,230
p. 4, line 19	Consolidated Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions		$ 6,040,764
p. 4, line 10, p. 30, Note 11	Consolidated Statement of Financial Position - Related party receivable	Secured and Unsecured related party receivable	$ 110,084	
p. 4, line 10, p. 30, Note 11	Consolidated Statement of Financial Position - Related party receivable	Unsecured related party receivable		$ 110,084
		Modified Assets:		
p. 4, line 11	Consolidated Statement of Financial Position - Total Assets	Total Assets		$ 123,641,476
p. 4, line 10, p. 30, Note 11	Consolidated Statement of Financial Position - Related party receivable	Secured and Unsecured related party receivable	$ 110,084	
p. 4, line 10, p. 30, Note 11	Consolidated Statement of Financial Position - Related party receivable	Unsecured related party receivable		$ 110,084

Net Income Ratio

Lines				
p. 5, line 49	Consolidated Statement of Activities and Changes in Net Assets without donor restrictions	**Change in Net Assets Without Donor Restrictions**		$ 6,551,222
p. 5, line 34	Consolidated Statement of Activities and Changes in Net Assets - Total revenues without restrictions	**Total Revenues Without Donor Restrictions**		$ 27,590,827

(concluded)

NOTES TO FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE
SEPTEMBER 30, 2024

Note for Page 4, Line 9 - Net Property, Plant, and Equipment

A	Pre-Implementation Property, Plant, and Equipment	$ 35,625,648
B	Post-Implementation Property, Plant, and Equipment	4,277,556
C	Construction-in-progress	1,401,480
D	Post-Implementation Property, Plant, and Equipment	22,133,990
	Total	**$ 63,438,675**

A This is the ending balance on the last financial statement submission prior to the implementation of the regulations - less any depreciation or disposals.

B This is the balance of assets purchased after the implementation of the regulations that was purchased by obtaining debt.

C Asset value of the construction-in-progress.

D Post-implementation Property, Plant, and Equipment with no outstanding debt.

Note for Page 4, Line 13 - Long-term debt for long-term purposes

A	Pre-Implementation Long-Term Debt	$ -
B	Allowable Post-Implementation Long-Term Debt	4,689,583
C	Construction-in-progress debt	-
D	Long-term debt not for the purchase of Property, Plant, and Equipment or liability greater than assets value	16,980,172
	Total	**$ 21,669,755**

A This is the ending balance on the last financial statement submission prior to the implementation of the regulations - less in repayments.

B This is the lessor of actual outstanding debt of each asset or the value of the asset.

C All debt associated with construction-in-progress up to the asset value for construction-in-progress is included.

D Long-term debt not for the purchase of Property, Plant, and Equipment.

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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
Biomedical Research Foundation of Northwest Louisiana
Managing Member of BRF, LLC
Shreveport, 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 consolidated statements of activities and changes in net assets, functional expenses by nature and class, and cash flows for BRF, LLC and its subsidiaries (BRF) as of and for the years ended September 30, 2024 and 2023, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered BRF's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of BRF's internal control. Accordingly, we do not express an opinion on the effectiveness of BRF's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 have not been identified.

Report on Compliance and Other Matters

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

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
March 19, 2025

BRF, LLC
SHREVEPORT, LOUISIANA

SCHEDULE OF FINDINGS
YEAR ENDED SEPTEMBER 30, 2024

A. Summary of Auditors' Results

Consolidated Financial Statements

Type of auditor's report issued: *Unmodified*

Internal Control over Financial Reporting:

• Material weakness(es) identified?	______ yes	__x__ no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______ yes	__x__ none reported

B. Findings - Financial Statement Audit

None.

BRF, LLC
SHREVEPORT, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2023

B. Findings - Financial Statement Audit

None.

EISNERAMPER

BRF, LLC

REPORT ON STATEWIDE AGREED-UPON PROCEDURES on COMPLIANCE and CONTROL AREAS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Biomedical Research Foundation of Northwest Louisiana,
Managing Member of BRF, LLC, and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of BRF, LLC (BRF or the Entity) for the fiscal period October 1, 2023 through September 30, 2024. BRF, LLC's management is responsible for those C/C areas identified in the SAUPs.

BRF, LLC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period October 1, 2023 through September 30, 2024. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by BRF, LLC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs of BRF, LLC for the fiscal period October 1, 2023 through September 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

The purpose of this report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

EisnerAmper LLP

EISNERAMPER LLP
Baton Rouge, Louisiana
March 19, 2025

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *"no exception noted" or for step 13 "we performed the procedure and discussed the results with management".* If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exception noted.

ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

No exception noted. The Entity is not subject to Public Bid Law. Thus, attributes (4) and (5) are not applicable.

iii. ***Disbursements***, including processing, reviewing, and approving.

No exception noted.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exception noted.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exception noted.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exception noted.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The Entity has a written policy for Travel and Expense Reimbursement; however, the policy does not specifically address attribute (2) dollar thresholds by category of expense. The remaining attributes are properly addressed.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exception noted.

ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The Entity is a non-profit. Thus, this procedure is not applicable.

x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity is a non-profit. Thus, this procedure is not applicable.

xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Any omitted attributes have been discussed with management.

xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The Entity is a non-profit. Thus, this procedure is not applicable.

2. Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget- to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception noted.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

The Entity is a non-profit. Thus, this procedure is not applicable.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

This procedure is not applicable, as there were no audit findings in the prior year.

3. Bank Reconciliations

A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of 8 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating and 4 randomly) and obtained the bank reconciliations for the month ending June 30, 2024, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exception noted.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and

No exception noted.

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exception noted.

4. Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 2 deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected both deposit sites and performed the procedures below.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

   A listing of collection locations for each deposit site selected in procedure #4A was provided and included a total of 2 collection locations. No exceptions were noted as a result of performing this procedure.

   From each of the listings provided, we selected the collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

   i. Employees responsible for cash collections do not share cash drawers/registers;

      No exception noted.

   ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

      No exception noted.

   iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

      No exception noted.

   iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee verifies the reconciliation.

      No exception noted.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

   No exception noted.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 5 bank accounts selected in procedure #3A. We obtained supporting documentation for each of the 10 deposits and performed the procedures below.

i. Observe that receipts are sequentially pre-numbered.

No exception noted.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exception noted.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

No exception noted.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

No exception noted.

v. Trace the actual deposit per the bank statement to the general ledger.

No exception noted.

5. Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided, with one location noted. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the single location and performed the procedures below.

B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions at the single payment processing location noted in procedure #5A was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exception noted.

ii. At least two employees are involved in processing and approving payments to vendors;

No exception noted.

iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exception noted.

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

The employee responsible for processing payments is responsible for mailing signed checks. This is considered an exception.

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

The CFO who is not authorized to sign checks approved the electronic disbursement (release) of funds. This is considered an exception.

C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

   A listing of non-payroll disbursements for the single payment processing location noted in procedure #5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

   From each of the listings provided, we randomly selected x disbursements and performed the procedures below.

   i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

      No exceptions noted.

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

      The employee responsible for processing payments is responsible for mailing signed checks. This is considered an exception.

D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

   No exception noted.

6. Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

   A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and

From the listing provided, we randomly selected 5 credit cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

No exception noted.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exception noted.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

We randomly selected 10 transactions, or all transactions if less than 10, from each statement and obtained supporting documentation for the transactions. For each transaction, observed that it was supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). No exceptions noted.

7. *Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exception noted.

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exception noted.

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and

No exception noted.

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exception noted.

8. *Contracts*

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, <u>excluding the practitioner's contract</u>, and

An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

The Entity is not subject to Louisiana Public Bid Law. Thus, this procedure is not applicable.

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

The Entity's contracts are not required to be approved by the governing body/board by policy or law. Thus, this procedure is not applicable.

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

None of the contracts selected for testing were amended during the fiscal period. Thus, this procedure is not applicable.

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exception noted.

9. Payroll and Personnel

A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures.

B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

   We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #9A.

   i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

      No exception noted.

   ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

      No exception noted.

   iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

      No exception noted.

   iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

      No exception noted.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

   A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

   From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions noted.

10. *Ethics*

A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and

i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

The Entity is a non-profit. Thus, this procedure is not applicable.

ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

The Entity is a non-profit. Thus, this procedure is not applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

The Entity is a non-profit. Thus, this procedure is not applicable.

11. Debt Service

A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.

The Entity is a non-profit. Thus, this procedure is not applicable.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

   The Entity is a non-profit. Thus, this procedure is not applicable.

12. Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

   Management represented that there were no misappropriations of public funds or assets during the fiscal period. No exceptions were noted as a result of performing this procedure.

B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

   No exception noted.

13. Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

   i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

      We performed the procedure and discussed the results with management.

   ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

      We performed the procedure and discussed the results with management.

iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:12671. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedure and discussed the results with management.

14. Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

The Entity is a non-profit. Thus, this procedure is not applicable.

B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

The Entity is a non-profit. Thus, this procedure is not applicable.

[1] While it appears to be a good practice for charter schools to ensure its employees are trained to keep their information technology assets safe from cyberattack, charter schools do not appear required to comply with 42:1267. An individual charter school, though, through specific provisions of its charter, may mandate that all employees/officials receive cybersecurity training.

C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements;

The Entity is a non-profit. Thus, this procedure is not applicable.

ii. Number of sexual harassment complaints received by the agency;

The Entity is a non-profit. Thus, this procedure is not applicable.

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

The Entity is a non-profit. Thus, this procedure is not applicable.

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

The Entity is a non-profit. Thus, this procedure is not applicable.

v. Amount of time it took to resolve each complaint.

The Entity is a non-profit. Thus, this procedure is not applicable.

BRF, LLC
AGREED-UPON PROCEDURES
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
SEPTEMBER 30, 2024

Schedule B

The management of BRF, LLC provided a response and corrective action plan for the exceptions noted in Schedule A and are set forth below.

Written Policies and Procedures

1.A.vii BRF's travel policy does have a dollar threshold for meals and incidentals. The policy is the federal governments' maximum per diem and incidental expense rates based on the city in which the expenses were incurred. The policy states employees should generally choose travel schedules which maximize work time and minimize the total cost to BRF (including the cost associated with the employee's time). BRF believes this policy to be adequate.

Non-Payroll Disbursements

5.B.iv The individual responsible for processing payments is responsible for mailing signed checks. BRF has the following mitigating factors to reduce the risk: The CFO reviews all disbursements. The CFO opens the bank statement and reviews it. The bank reconciliation is reviewed by the Controller each month.

5.B.v. The CFO approved electronic disbursements (release) of funds during the fiscal year in accordance with internal policies. The authority has been delegated to him by the organization and its policies and procedures. The organization is in the process of adding the CFO as a designated signor on all accounts.

5.C.ii The individual responsible for processing payments is responsible for mailing signed checks. BRF has the following mitigating factors to reduce the risk: The CFO reviews all disbursements. The CFO opens the bank statement and reviews it. The bank reconciliation is reviewed by the Controller each month.