# LSU Health Sciences Foundation in Shreveport and Subsidiaries

Shreveport, Louisiana

June 30, 2025 and 2024

CERTIFIED PUBLIC ACCOUNTANTS

**LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES**

**SHREVEPORT, LOUISIANA**

**TABLE OF CONTENTS**

---

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS**



**SUPPLEMENTARY INFORMATION**



**OTHER REPORTS**

# AUDITED CONSOLIDATED FINANCIAL STATEMENTS

REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

The Board of Directors
LSU Health Sciences Foundation in Shreveport
Shreveport, Louisiana

# INDEPENDENT AUDITOR'S REPORT

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the accompanying financial statements of LSU Health Sciences Foundation in Shreveport and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of LSU Health Sciences Foundation in Shreveport and Subsidiaries as of June 30, 2025 and 2024, and the consolidated changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LSU Health Sciences Foundation in Shreveport and Subsidiaries 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 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 LSU Health Sciences Foundation in Shreveport and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 LSU Health Sciences Foundation in Shreveport and Subsidiaries' 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 LSU Health Sciences Foundation in Shreveport and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on page 23 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 auditing procedures applied in the audit 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 and *Government Auditing Standards*. In our opinion, the information on page 23 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 August 28, 2025 on our consideration of LSU Health Sciences Foundation in Shreveport and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LSU Health Sciences Foundation in Shreveport and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LSU Health Sciences Foundation in Shreveport and Subsidiaries' internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
August 28, 2025

## LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

## JUNE 30, 2025 AND 2024

| **ASSETS** | 2025 | 2024 |
|---|---|---|
| Cash | 4,438,171 | 4,445,446 |
| Accounts receivable | 211,548 | 200,316 |
| Contributions receivable-Note 3 | 10,046,952 | 13,343,004 |
| Investments-pools-Note 4 | 104,821,504 | 98,518,832 |
| Investments-CFeist Legacy-Note 5 | 113,305,808 | 105,833,587 |
| Investments-MFeist Legacy-Note 6 | 74,080,657 | 69,583,995 |
| Investments-LSU Health Shreveport-endowments-Note 6 | 11,044,146 | 10,523,069 |
| Investments-other | 345,402 | 305,933 |
| Investment in real estate, property, and equipment-Note 8 | 14,273,120 | 7,246,612 |
| Other assets | 139,421 | 41,324 |
| Total assets | 332,706,729 | 310,042,118 |
| **LIABILITIES AND NET ASSETS** | | |
| Liabilities: | | |
| Accounts payable | 2,224,624 | 1,777,042 |
| Other payables | 163,799 | 140,598 |
| Due to LSU Health Shreveport-BOR match-Note 10 | 13,822,519 | 13,092,841 |
| Due to LSU Health Shreveport-MFeist Legacy-Note 6 | 74,080,657 | 69,583,995 |
| Due to LSU Health Shreveport-endowments-Note 6 | 11,044,146 | 10,523,069 |
| Total liabilities | 101,335,745 | 95,117,545 |
| Net assets: | | |
| Without donor restrictions: | | |
| Designated by Board for specific purpose | 3,025,104 | 3,199,323 |
| Designated by Board for operating reserve | 1,182,075 | 1,127,638 |
| Invested in real estate, property and equipment, net | 14,273,120 | 7,246,612 |
| Undesignated | 13,218,735 | 16,026,924 |
| Total without donor restrictions | 31,699,034 | 27,600,497 |
| With donor restrictions: | | |
| Restricted for specified purpose | 42,194,457 | 38,342,780 |
| Restricted in perpetuity-endowment | 27,662,829 | 27,132,785 |
| Restricted for specific purpose and designated by Board for endowment | 129,814,664 | 121,848,511 |
| Total with donor restrictions | 199,671,950 | 187,324,076 |
| Total net assets | 231,370,984 | 214,924,573 |
| Total liabilities and net assets | 332,706,729 | 310,042,118 |

**LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | | |
|---|---|---|---|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Support, revenues and gains: | | | |
| Contributions | 580,893 | 3,310,755 | 3,891,648 |
| Net investment income | 3,173,885 | 16,283,337 | 19,457,222 |
| Management fee income | 944,373 | - | 944,373 |
| Rental income | 1,394,407 | - | 1,394,407 |
| Total support, revenues, and gains | 6,093,558 | 19,594,092 | 25,687,650 |
| Net assets released from restrictions | 7,246,218 | (7,246,218) | - |
| Total support, revenue, gains and reclassifications | 13,339,776 | 12,347,874 | 25,687,650 |
| Expenses | | | |
| Management and general | 1,411,113 | - | 1,411,113 |
| Fundraising and development | 1,821,009 | - | 1,821,009 |
| Program services: | | | |
| Feist-Weiller Cancer Center | 2,302,385 | - | 2,302,385 |
| Other departments | 3,706,732 | - | 3,706,732 |
| Total support to LSU Health Sciences Center | 6,009,117 | - | 6,009,117 |
| Total expenses | 9,241,239 | - | 9,241,239 |
| Change in net assets | 4,098,537 | 12,347,874 | 16,446,411 |
| Net assets at beginning of period | 27,600,497 | 187,324,076 | 214,924,573 |
| Net assets at end of period | 31,699,034 | 199,671,950 | 231,370,984 |

| 2024 | | |
|---|---|---|
| Without Donor Restrictions | With Donor Restrictions | Total |
| 861,300 | 4,110,991 | 4,972,291 |
| 3,235,624 | 18,757,392 | 21,993,016 |
| 890,988 | - | 890,988 |
| 142,160 | - | 142,160 |
| 5,130,072 | 22,868,383 | 27,998,455 |
| 6,468,169 | (6,468,169) | |
| 11,598,241 | 16,400,214 | 27,998,455 |
| 923,239 | - | 923,239 |
| 1,929,128 | - | 1,929,128 |
| 2,550,266 | - | 2,550,266 |
| 2,957,049 | - | 2,957,049 |
| 5,507,315 | - | 5,507,315 |
| 8,359,682 | - | 8,359,682 |
| 3,238,559 | 16,400,214 | 19,638,773 |
| 24,361,938 | 170,923,862 | 195,285,800 |
| 27,600,497 | 187,324,076 | 214,924,573 |

**LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2025**

| | Program Services | | | | |
|---|---|---|---|---|---|
| | Feist-Weiller Cancer Center | Other Departments | Management and General | Fundraising and Development | Total |
| Salary expense | - | - | 466,382 | 750,290 | 1,216,672 |
| Payroll taxes | - | - | 34,028 | 55,520 | 89,548 |
| Employee benefit expense | - | - | 60,631 | 98,924 | 159,555 |
| Professional services | 26,195 | 456,909 | 189,243 | 254,799 | 927,146 |
| Insurance | - | - | 192,262 | - | 192,262 |
| Depreciation | - | - | 279,006 | - | 279,006 |
| Office supplies | - | - | 5,493 | 8,963 | 14,456 |
| Maintenance agreements | - | - | 37,191 | 24,794 | 61,985 |
| Rent | - | - | 27,139 | 44,279 | 71,418 |
| Capital projects | - | 48,638 | - | - | 48,638 |
| Repairs and maintenance | - | - | 51,945 | - | 51,945 |
| Travel | 14,231 | 170,512 | 1,605 | 2,619 | 188,967 |
| Advertising and promotional expenses | - | 90,102 | - | 3,426 | 93,528 |
| Printing | 1,117 | 5,688 | - | 76,636 | 83,441 |
| Recruiting | - | 211,104 | - | - | 211,104 |
| Awards and scholarships | 4,719 | 414,446 | - | - | 419,165 |
| Professional development | - | - | - | 26,072 | 26,072 |
| Books, supplies, and equipment | 1,024 | 217,574 | - | - | 218,598 |
| Dues and licenses | 360 | 210,688 | 9,581 | 9,581 | 230,210 |
| Fundraising events | - | - | - | 408,499 | 408,499 |
| Research | 2,213,400 | 1,377,101 | - | - | 3,590,501 |
| Meeting and lecture expense | 36,548 | 491,592 | - | - | 528,140 |
| Other | 4,791 | 12,378 | 56,607 | 56,607 | 130,383 |
| Total expenses | 2,302,385 | 3,706,732 | 1,411,113 | 1,821,009 | 9,241,239 |

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

**LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2024**

| | Program Services | | | | |
|---|---|---|---|---|---|
| | Feist-Weiller Cancer Center | Other Departments | Management and General | Fundraising and Development | Total |
| Salary expense | - | - | 443,457 | 734,876 | 1,178,333 |
| Payroll taxes | - | - | 33,259 | 54,264 | 87,523 |
| Employee benefit expense | - | - | 59,709 | 98,947 | 158,656 |
| Professional services | 27,755 | 541,015 | 107,957 | 279,817 | 956,544 |
| Insurance | - | - | 49,375 | - | 49,375 |
| Depreciation | - | - | 94,974 | - | 94,974 |
| Office supplies | - | - | 7,980 | 13,019 | 20,999 |
| Maintenance agreements | - | - | 31,492 | 20,994 | 52,486 |
| Rent | - | - | 26,592 | 43,386 | 69,978 |
| Capital projects | - | 24,938 | - | - | 24,938 |
| Repairs and maintenance | - | - | 22,440 | - | 22,440 |
| Travel | 9,889 | 146,079 | 3,746 | 6,111 | 165,825 |
| Advertising and promotional expenses | 104 | 44,602 | - | 11,785 | 56,491 |
| Printing | 1,886 | 2,326 | - | 93,127 | 97,339 |
| Recruiting | 864 | 192,831 | - | - | 193,695 |
| Awards and scholarships | 5,053 | 255,090 | - | - | 260,143 |
| Professional development | - | - | - | 25,751 | 25,751 |
| Books, supplies, and equipment | 215,977 | 306,266 | - | - | 522,243 |
| Dues and licenses | 11,260 | 89,492 | 6,331 | 6,331 | 113,414 |
| Fundraising events | - | - | - | 505,727 | 505,727 |
| Research | 2,228,855 | 817,178 | - | - | 3,046,033 |
| Meeting and lecture expense | 45,069 | 525,177 | - | - | 570,246 |
| Other | 3,554 | 12,055 | 35,927 | 34,993 | 86,529 |
| Total expenses | 2,550,266 | 2,957,049 | 923,239 | 1,929,128 | 8,359,682 |

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

**LSU HEALTH SCIENCES FOUNDATION IN SHREVEPORT AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | 16,446,411 | 19,638,773 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 279,006 | 94,974 |
| Net realized and unrealized (gain) on long-term investments | (16,140,033) | (20,320,266) |
| (Increase) decrease in accounts receivable | (11,232) | 161,630 |
| Decrease in contributions receivable | 3,296,052 | 1,941,062 |
| (Increase) in other assets | (98,097) | (8,723) |
| Increase (decrease) in accounts payable | 447,582 | (1,253,863) |
| Increase in other payable | 23,201 | 39,317 |
| Increase in due to LSU Health Shreveport-BOR match | 729,678 | 970,929 |
| Increase in due to LSU Health-agency investments | 5,017,739 | 4,309,144 |
| Net cash provided by operating activities | 9,990,307 | 5,572,977 |
| Cash flows from investing activities: | | |
| Purchase and improvement of real estate | (7,305,514) | (3,157,820) |
| Purchases of investments | (26,674,725) | (19,355,965) |
| Proceeds from sale and maturities of investments | 23,982,657 | 17,775,719 |
| Net cash (used) by investing activities | (9,997,582) | (4,738,066) |
| Net (decrease) increase in cash | (7,275) | 834,911 |
| Cash at beginning of period | 4,445,446 | 3,610,535 |
| Cash at end of period | 4,438,171 | 4,445,446 |

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

## 1. Nature of Business

The consolidated financial statements include the LSU Health Sciences Foundation in Shreveport and both wholly-owned subsidiaries – the LSU Health Sciences Building Foundation in Shreveport ("Building Foundation") and the Louisiana Strategic Research Initiative ("LSRI"). All significant intercompany accounts and transactions have been eliminated in consolidation.

The LSU Health Sciences Foundation in Shreveport (the "Foundation") is a public, nonprofit corporation formed in 1997 and governed by a board of directors. The Foundation's goal is to support, enhance, and assist the LSU Health Sciences Center Shreveport (the "Center") in its many endeavors by expanding the public's awareness of the Center's many contributions to medical research, education of medical professionals, and quality health care, to develop and enhance financial support for the Center, and provide the means through which financial support is received and administered. The Building Foundation is a public, nonprofit corporation formed in 2003 to hold real estate donated to or purchased by the Foundation. LSRI is a public, nonprofit corporation formed in 2022 to support the long-term growth of research at the Center.

## 2. Summary of Significant Accounting Policies

a. Financial Statement Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Financial Accounting Standards Board ("FASB") has established the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for general use and not subject to donor restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for specific purpose and operations. The Foundation's policy is to designate unrestricted donor gifts at the discretion of the Board of Directors. Net assets without donor restriction also include the investment in property and equipment net of accumulated depreciation.

*Net Assets With Donor Restrictions* – Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. The Foundation may report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the same reporting period in which the support is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

b. Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or unconditional promises to give are received. We record unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable.

c. The costs of program and supporting services have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the program services, management and general, and fundraising expenses.

d. 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 and 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 those estimates.

e. For purposes of the consolidated statement of cash flows, cash includes amounts on hand and amounts on deposit at financial institutions which are not held within the investment portfolios. The Foundation, at times, may have deposits in excess of FDIC insured limits. Management believes the credit risk associated with these deposits is minimal.

f. The LSU Health Sciences Foundation in Shreveport, the LSU Health Science Building Foundation in Shreveport, and the Louisiana Strategic Research Initiative qualify as tax-exempt entities under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the consolidated financial statements, but the Foundation, Building Foundation and LSRI are required to file an annual information return. The Foundation, Building Foundation and LSRI are also required to review various tax positions they have taken with respect to their exempt status and determine whether in fact they are tax exempt entities. The Foundation, Building Foundation and LSRI must also consider whether they have nexus in jurisdictions in which they have income and whether a tax return is required in those jurisdictions. In addition, as tax exempt entities, the Foundation, Building Foundation and LSRI must assess whether they have any tax positions associated with unrelated business income subject to income tax. The Foundation, Building Foundation and LSRI do not expect their positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Foundation's, Building Foundation's and LSRI's accounting records.

   The Foundation, Building Foundation and LSRI file U.S. federal Form 990 for informational purposes. The Foundation's and Building Foundation's federal income tax returns for the tax years 2022 and beyond remain subject to examination by the Internal Revenue Service.

g. Investments are reported at fair value, which is determined by the last reported sales price at current exchange rates, if traded on a national exchange. Investments that do not have an established market are reported at estimated fair value as measured by their net asset value. Cash deposits are reported at carrying amounts which reasonably estimate fair value.

   The asset allocation of the Foundation's investment portfolio involves exposure to a diverse set of markets. The investments within these markets involve various risks, such as interest rate, market, credit, and liquidity risks. The Foundation anticipates that the value of its investments may, from time to time, fluctuate substantially as a result of these risks. Increases and decreases in market value are recognized in the periods in which they occur. Upon disposition, the average price of investments is used to compute the realized gain or loss to be recognized. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Cost and market values are disclosed in Notes 4 and 5.

h. Equipment and furniture are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over an estimated useful life of three to seven years.

i. Investments in real estate are stated at cost if purchased, and at fair market value at date of donation, if donated, less accumulated depreciation on any improvements. Depreciation of improvements is calculated using the straight-line method over an estimated useful life of ten to fifteen years.

j. The Foundation's financial instruments, excluding investments which are recorded at estimated fair value, include cash, accounts receivable and contributions receivable. The Foundation estimates that the fair values of these financial instruments at June 30, 2025 and 2024 do not differ materially from the aggregate carrying values of these financial instruments recorded in the accompanying financial statements.

k. Certain amounts from prior year have been reclassified to conform to current year presentation.

**3. <u>Contributions Receivable</u>**

Contributions receivable is summarized as follows as of June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Contributions receivable expected to be collected in: | | |
| Less than one year | 2,422,977 | 4,216,805 |
| One year to five years | 8,745,304 | 8,685,304 |
| More than five years | - | 2,000,000 |
| Contributions receivable | 11,168,281 | 14,902,109 |
| Discount on contributions receivable | (1,121,329) | (1,559,105) |
| Net contributions receivable | 10,046,952 | 13,343,004 |

The Foundation raised funds in support of construction of The Center for Medical Education and Wellness at LSU Health Sciences Center Shreveport, which was completed in 2024. The Center is an $84 million public-private project. Funding from federal, state, and local governments was combined with grants and private funds to build the facility. Contributions receivable for this capital project are $209,250 and $3,364,766 at June 30, 2025 and 2024, respectively.

The Foundation entered into an agreement in November 2020 to receive contributions to fund academic and research activities in support of the teaching and research missions of LSU Health Sciences Center Shreveport for $22 million. The agreement was revised during 2024 to consolidate existing pledges and extend payment terms through December 31, 2029. Contributions receivable are $10 million at June 30, 2025 and 2024.

Additional pledges of $959,031 and $1,537,343 were outstanding at June 30, 2025 and 2024 for various purposes. Pledges receivable have been discounted at 4.5%. At June 30, 2025, a single donor comprised 89% of contributions receivable, whereas in 2024, 87% of contributions receivable were concentrated with a single donor.

## 4. Investments-Pools

Investments-pools consisted primarily of Vanguard mutual funds.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Market Value | Cost | Market Value | Cost |
| Unrestricted Pool | | | | |
| Fixed income: | | | | |
| Investment grade mutual funds | 2,222,469 | 2,286,391 | 2,928,004 | 3,095,710 |
| Total fixed income | 2,222,469 | 2,286,391 | 2,928,004 | 3,095,710 |
| Equity: | | | | |
| Domestic mutual funds | 4,102,155 | 3,067,594 | 6,109,757 | 4,760,559 |
| International mutual funds | 1,437,700 | 1,188,869 | 1,808,979 | 1,645,434 |
| Total equity | 5,539,855 | 4,256,463 | 7,918,736 | 6,405,993 |
| Total Unrestricted Pool | 7,762,324 | 6,542,854 | 10,846,740 | 9,501,703 |
| Nonendowed Pool | | | | |
| Cash and cash equivalents | 9,396,501 | 9,396,501 | 7,877,080 | 7,877,080 |
| Fixed income: | | | | |
| Investment grade mutual funds | 28,293,970 | 28,492,753 | 23,523,353 | 24,340,130 |
| Total fixed income | 28,293,970 | 28,492,753 | 23,523,353 | 24,340,130 |
| Alternatives: | | | | |
| Other | 4,303,060 | 3,750,000 | 3,654,042 | 3,125,000 |
| Total alternatives | 4,303,060 | 3,750,000 | 3,654,042 | 3,125,000 |
| Total Nonendowed Pool | 41,993,531 | 41,639,254 | 35,054,475 | 35,342,210 |
| General/Feist Endowed Pool | | | | |
| Cash and cash equivalents | 6,382 | 6,382 | 1,927 | 1,927 |
| Fixed Income: | | | | |
| Investment grade mutual funds | 7,805,439 | 8,446,215 | 7,327,016 | 8,167,944 |
| Total fixed income | 7,805,439 | 8,446,215 | 7,327,016 | 8,167,944 |

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Market Value | Cost | Market Value | Cost |
| Equity: | | | | |
| Domestic mutual funds | 13,444,490 | 8,498,917 | 13,905,838 | 9,054,521 |
| International mutual funds | 5,039,523 | 3,922,655 | 4,492,620 | 3,831,921 |
| Total equity | 18,484,013 | 12,421,572 | 18,398,458 | 12,886,442 |
| Total General/Feist Endowed Pool | 26,295,834 | 20,874,169 | 25,727,401 | 21,056,313 |
| Future Endowment Pool | | | | |
| Cash and cash equivalents | 570,517 | 570,517 | 659,011 | 659,011 |
| Total Future Endowment Pool | 570,517 | 570,517 | 659,011 | 659,011 |
| BRSF Pool | | | | |
| Cash and cash equivalents | 5,675 | 5,675 | 25,264 | 25,264 |
| Fixed income: | | | | |
| Investment grade mutual funds | 7,860,733 | 8,575,177 | 7,258,341 | 8,167,085 |
| Total fixed income | 7,860,733 | 8,575,177 | 7,258,341 | 8,167,085 |
| Equity: | | | | |
| Domestic mutual funds | 15,165,373 | 9,086,917 | 14,370,898 | 8,888,156 |
| International mutual funds | 5,167,517 | 3,879,108 | 4,576,702 | 3,755,646 |
| Total equity | 20,332,890 | 12,966,025 | 18,947,600 | 12,643,802 |
| Total BRSF Pool | 28,199,298 | 21,546,877 | 26,231,205 | 20,836,151 |
| Total investments-pool | 104,821,504 | 91,173,671 | 98,518,832 | 87,395,388 |

## 5. CFeist Legacy

Carroll W. Feist died on July 29, 2005. His will and codicils created ambiguities with respect to the identity of the universal legatee. The proper universal legatee was either Louisiana State University or the LSU Health Sciences Foundation in Shreveport. The parties compromised and agreed that Mr. Feist's will should be interpreted so that the universal legatee is the Foundation. The parties entered into a written agreement whereby the management details of the legacy from Mr. Feist were outlined.

The bequest will be used for cancer research at the LSU Health Sciences Center, Shreveport, Louisiana. The board approved endowment of the purpose-restricted funds subject to the spend policy as defined in the funds management agreement. This agreement allows for consideration to spend income of the Feist account up to $1,000,000 in any one year following appropriate approvals. Principal or income funds in excess of $1,000,000 may be available to spend after additional approval. Such approvals were required in 2025 and 2024.

Distributions received from the Succession and recorded as contributions since inception are as follows:

| Year Ended June 30, | Income | Principal | Total Distributions |
|---|---|---|---|
| 2006 thru 2023 | 21,449,817 | 43,577,788 | 65,027,605 |
| 2024 | 667,062 | 252,938 | 920,000 |
| 2025 | 608,665 | 181,335 | 790,000 |
| | 22,725,544 | 44,012,061 | 66,737,605 |

CFeist Legacy funds are primarily invested in Vanguard mutual funds.

Investments-CFeist Legacy are presented below with their respective market values and costs as of June 30, 2025 and 2024.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Market Value | Cost | Market Value | Cost |
| Fixed income: | | | | |
| Investment grade mutual funds | 31,844,400 | 34,244,281 | 29,056,129 | 32,234,369 |
| Total fixed income | 31,844,400 | 34,244,281 | 29,056,129 | 32,234,369 |
| Equities: | | | | |
| Domestic mutual funds | 60,859,858 | 36,144,107 | 58,520,779 | 35,540,907 |
| International mutual funds | 20,601,550 | 15,543,035 | 18,256,679 | 15,063,765 |
| Total equities | 81,461,408 | 51,687,142 | 76,777,458 | 50,604,672 |
| Total investments-CFeist Legacy | 113,305,808 | 85,931,423 | 105,833,587 | 82,839,041 |

Following is a summary of the transactions of the CFeist Legacy for the years ended June 30, 2025 and 2024. All of the activity is reflected in the Foundation's accompanying consolidated financial statements as of and for the years ended June 30, 2025 and 2024.

| | 2025 | | | 2024 |
|---|---|---|---|---|
| | Income | Principal | Total Market Value | Total Market Value |
| Net asset balances at beginning of year | 18,150,948 | 87,295,376 | 105,446,324 | 94,410,754 |
| Activity during the year: | | | | |
| Distributions from Succession | 608,665 | 181,335 | 790,000 | 920,000 |
| Net investment income (loss) | 5,025,620 | 6,531,810 | 11,557,430 | 12,847,815 |
| Management fees | (811,883) | (811,883) | (1,623,766) | (1,480,801) |
| Other expenses | (65,438) | - | (65,438) | (51,444) |
| Transfer to spending account | (3,614,000) | - | (3,614,000) | (1,200,000) |
| Net asset balances at end of year | 19,293,912 | 93,196,638 | 112,490,550 | 105,446,324 |

| | 2025 | 2024 |
|---|---|---|
| Consists of: | | |
| Above investments | 113,305,808 | 105,833,587 |
| Management fees and other payable | (815,258) | (387,263) |
| Total net assets at end of year | 112,490,550 | 105,446,324 |

## 6. Agency Investments

In 1986, the LSU Board of Supervisors received a substantial monetary bequest from Malcolm W. Feist, who specified in his testament that the bequest was to be used for the benefit of LSU Health Sciences Center at Shreveport. An agreement was executed on May 9, 2012, between the LSU Board of Supervisors and the Foundation authorizing the Foundation to provide management and investment services for these funds, in return for which the Foundation is entitled to a monthly management fee.

The agreement was effective July 1, 2012. The agreement specifies that MFeist Legacy funds will remain state funds owned by the Board of Supervisors. The funds will be used for purposes consistent with the donor's express intent and deemed appropriate by the Chancellor of LSU Health Sciences Center at Shreveport; the Chancellor's approval is required for withdrawal. On January 1, 2013, another agreement was executed between the LSU Board of Supervisors and the Foundation authorizing the Foundation to provide management and investment services for certain other LSU Health Science Center at Shreveport endowments. These funds remain state owned, thereby the Foundation acts as an agent as described in the provisions of FASB ASC 958 and records an asset and liability for the amounts transferred.

Agency investments consist of Vanguard mutual funds. Fair values of all agency investments measured on a recurring basis at June 30, 2025 and 2024 were classified as Level 1 valuations. Agency investments are presented below with their respective market values and cost as of June 30, 2025 and 2024.

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Market Value | Cost | Market Value | Cost |
| Fixed income: | | | | |
| Investment grade mutual funds | 54,475,288 | 58,469,535 | 50,981,575 | 56,583,477 |
| Total fixed income | 54,475,288 | 58,469,535 | 50,981,575 | 56,583,477 |
| Equities: | | | | |
| Domestic mutual funds | 22,987,292 | 11,655,647 | 21,995,231 | 12,123,828 |
| International mutual funds | 7,662,223 | 5,722,160 | 7,130,258 | 6,025,352 |
| Total equities | 30,649,515 | 17,377,807 | 29,125,489 | 18,149,180 |
| Total investments-agency | 85,124,803 | 75,847,342 | 80,107,064 | 74,732,657 |

Agency investments are comprised of the following state funds:

| | 2025 | 2024 |
|---|---|---|
| MFeist Legacy | 74,080,657 | 69,583,995 |
| LSU Health Endowments | 11,044,146 | 10,523,069 |
| | 85,124,803 | 80,107,064 |

## 7. Fair Value Measurements

FASB Accounting Standards Codification Topic 820, "Fair Value Measurements" requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. These strata included:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Foundation-specific data. These unobservable assumptions reflect the Foundation's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

Investments below consist of Investment – Pools and Investments – CFeist Legacy.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2025 and 2024 are as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **June 30, 2025:** | | | | |
| Cash and cash equivalents | 9,979,075 | - | - | 9,979,075 |
| Fixed income: | | | | |
| Investment grade mutual funds | 78,027,011 | - | - | 78,027,011 |
| Total fixed income | 78,027,011 | - | - | 78,027,011 |

| | Level 1 | Level 2 | Level 3 | Level 4 |
|---|---|---|---|---|
| **June 30, 2025 (continued):** | | | | |
| Equities: | | | | |
| Domestic mutual funds | 93,571,876 | - | - | 93,571,876 |
| International mutual funds | 32,246,290 | - | - | 32,246,290 |
| Total equities | 125,818,166 | - | - | 125,818,166 |
| Alternatives: | | | | |
| Other | - | - | 4,303,060 | 4,303,060 |
| Total investments | 213,824,252 | - | 4,303,060 | 218,127,312 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **June 30, 2024:** | | | | |
| Cash and cash equivalents | 8,563,282 | - | - | 8,563,282 |
| Fixed income: | | | | |
| Investment grade mutual funds | 70,092,843 | - | - | 70,092,843 |
| Total fixed income | 70,092,843 | - | - | 70,092,843 |
| Equities: | | | | |
| Domestic mutual funds | 92,907,272 | - | - | 92,907,272 |
| International mutual funds | 29,134,980 | - | - | 29,134,980 |
| Total equities | 122,042,252 | - | - | 122,042,252 |
| Alternatives: | | | | |
| Other | - | - | 3,654,042 | 3,654,042 |
| Total investments | 200,698,377 | - | 3,654,042 | 204,352,419 |

Investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

| | Other |
|---|---|
| **Balance-June 30, 2024** | 3,654,042 |
| Purchases, issuances, and settlements | 625,000 |
| Net investment income | 24,018 |
| **Balance-June 30, 2025** | 4,303,060 |

The alternative investments measured at fair value based on net asset value (NAVs) per share as of June 30, 2025, include $1,250,000 of unfunded commitments. These funds are in a partnership structure with no ability to redeem unless approved by the general partner.

## 8. Real Estate, Property and Equipment

The Foundation purchases property adjacent to and near the LSU Health Sciences Center Shreveport for the ultimate benefit of the Center. On occasion, the Foundation has also received donations of property.

| | 2025 | 2024 |
|---|---|---|
| Equipment | 27,074 | 83,799 |
| Land improvements | 8,617,648 | 1,609,160 |
| Real estate | 6,737,141 | 3,846,742 |
| Construction in progress | 106,049 | 2,754,354 |
| | 15,487,912 | 8,294,055 |
| Accumulated depreciation | (1,214,792) | (1,047,443) |
| | 14,273,120 | 7,246,612 |

## 9. Leases

The Foundation entered into various operating lease agreements with a related party for the use of parking lots. Initial lease terms are generally five years and may contain options to extend or terminate the lease. Future lease revenues are as follows:

| | |
|---|---|
| 2026 | 1,799,338 |
| 2027 | 1,766,002 |
| 2028 | 493,584 |
| 2029 | 75,000 |
| 2030 | 18,750 |
| Total | 4,152,674 |

The Foundation recognized operating lease income of $1,394,407 and $142,160 for the years ended June 30, 2025 and 2024, respectively.

## 10. Due to LSU Health Shreveport-BOR Match

The amount due to LSU Health Sciences Center Shreveport-BOR match represents the Louisiana Board of Regents state match for the following chairs and professorships, which are being held and invested for the Center by the LSU Health Sciences Foundation in Shreveport. The liability consists of the following at June 30:

| | 2025 | 2024 |
|---|---|---|
| John C. McDonald, M.D. Chair in Surgery | 1,063,287 | 994,024 |
| Jack W. Pou, M.D. Chair in Otolaryngology | 967,464 | 901,871 |
| Albert Sklar Professorship in Surgery | 108,000 | 100,994 |
| E. Earle Dilworth, M.D. Chair in Obstetrics and Gynecology | 1,188,530 | 1,128,357 |
| Mary Louise and Ben Levy Professorship in Neurosurgery | 77,089 | 75,338 |
| Paul R. Winder, M.D. Professorship in Dermatology | 123,057 | 115,815 |
| H. Whitney Boggs, Jr., M.D. Professorship of Colon and Rectal Surgery | 102,089 | 95,179 |

| | | |
|---|---|---|
| Ike Muslow Chair in Healthcare Informatics | 910,110 | 860,670 |
| Albert G. and Harriet G. Smith Professorship in Pathology | 95,633 | 90,804 |
| Randy Bryn, M.D. Professorship in Pulmonology | 91,562 | 85,483 |
| W. R. Matthews, M.D. Professorship in Pathology | 94,909 | 88,131 |
| YK Reddy Professorship in Allergy and Immunology | 101,929 | 94,906 |
| Albertson's Distinguished Professorship in Allied Health Sciences | 83,497 | 77,764 |
| Robert E. Wolf, M.D. Professorship in Rheumatology | 91,173 | 85,077 |
| Donald Mack, M.D. Professorship in Pediatric Oncology | 103,230 | 96,667 |
| Donald and Kathryn R. Smith Endowed Chair in Spinal Treatment | 719,969 | 701,128 |
| Burdette E. Trichel, M.D. Professorship in Urology | 88,524 | 81,963 |
| Charles D. Knight, Sr. M.D. Professorship in General Surgery | 85,495 | 79,073 |
| J. Woodfin Wilson, M.D. Professorship in Internal Medicine | 80,963 | 77,144 |
| Eugene St. Martin Professorship in Urology | 99,978 | 93,103 |
| Nathan Professorship in Head & Neck Surgery | 92,297 | 88,489 |
| George Khoury & Donald Mack, M.D. Professorship in Pediatric Oncology | 92,720 | 86,559 |
| Joe E. Holoubek Professorship in Medicine | 93,428 | 90,389 |
| Thomas Norris, M.D. Professorship in Orthopedic Resident Support | 84,535 | 79,590 |
| E. Earle Dilworth, M.D. Professorship in OB/GYN Excellence | 91,832 | 85,833 |
| Mrunalini Shah and Bipin, M. D. Professorship in Anesthesiology Education | 83,514 | 80,514 |
| Alice Coleman Endowed Professorship in Pediatric Rheumatology | 35,052 | 31,655 |
| James A. Ardoin, M.D. Memorial Professorship in OB/GYN | 87,693 | 81,810 |
| Brad and Kay McPherson Professorship in Child Psychiatry in Developmental Pediatrics | 87,179 | 82,157 |
| Khoury-Mack Professorship #3 St. Jude | 93,371 | 87,190 |
| Selber-Levin Professorship in Endocrinology | 89,441 | 84,150 |
| Juneau Chair in Surgical Oncology | 1,087,464 | 1,019,224 |
| Stafford and Marianne Comegys Professorship in Medical Library Science | 84,830 | 81,737 |
| Mary Louise and Jack R. Cassingham Professorship in Forensic Pathology | 81,066 | 75,870 |
| Edward and Freda Green Professorship in Oral and Maxillofacial Surgery | 72,823 | 76,300 |
| Edward and Freda Green Professorship in Surgical Oncology | 69,593 | 63,998 |
| Scott and Larene Woodard Professorship in Neurosurgery | 200,886 | 189,298 |
| Dr. George and Sandra Bakowski Foundation Professorship in Aero-Digestive Malignancies | 84,928 | 80,154 |
| Brad and Kay McPherson Professorship | 71,817 | 66,556 |
| Drs. Diana and John Herbst Professorship in Pediatric Gastroenterology | 78,124 | 72,615 |
| Carroll W. Feist Chair for the Study of Cancer | 1,835,962 | 1,729,422 |

| | | |
|---|---|---|
| Nancy Jane Sentell Seale Professorship in Cancer Palliative Care | 111,058 | 103,171 |
| Edna Boatright Sherling Professorship in Cancer Care | 64,480 | 62,607 |
| Dr. Ming Yu Ding Memorial Professorship in Microbiology | 88,803 | 83,144 |
| Archibald Bell Nelson Professorship in Orthopedics | 153,088 | 144,593 |
| Joanna Gunning Magale Professorship in Neurology | 85,490 | 78,501 |
| Jack W. Gamble, M.D. Chair in Oral/Maxillofacial Surgery | 956,563 | 959,456 |
| Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Faculty Enhancement | 388,889 | 377,921 |
| Edward J. Crawford, Jr., M.D. Professorship in OB/GYN Resident Enhancement | 369,137 | 350,782 |
| Charles Richard Parks Professorship in Neurological Rehab | 62,160 | 57,219 |
| Sandra and Jerry Martin Endowed Scholarship for Medical Students | 56,694 | 53,495 |
| Sandra and Jerry Martin Endowed Scholarship for Medical Students #2 | 58,256 | 53,580 |
| Sandra and Jerry Martin Endowed Scholarship for Medical Students #3 | 45,106 | 40,986 |
| Dudley R. Isom, DDS Endowed Prof. in Oral & Maxillofacial Surgery | 56,072 | 56,055 |
| Clarence H. Webb, MD Endowed Professorship in Pediatrics | 63,534 | 58,525 |
| Medical Center Clinics Endowed Professorship in Radiology | 61,822 | 56,812 |
| Charles G. Hargon Jr. Memorial Scholarship for Medical Students | 60,447 | 53,924 |
| Tilakram and Bhagwanti Devi Distinguished Professorship in Cleft Lip and Palate Surgery and Training | 30,521 | 56,055 |
| O’Callaghan Family Endowed Professorship in Microbiology | 28,908 | 58,525 |
| Tommy Brown, MD Memorial Scholarship for Medical Students | 54,971 | 56,812 |
| Johnson Family Endowed Scholarship | 53,945 | 53,924 |
| Cole Endowed Professorship for Community Health | 29,421 | 56,055 |
| Margaret Shehee Cole Endowed Scholarship for First Generation Students | 45,256 | 41,180 |
| The Dr. Richard J. Courtney Endowed Professorship in Virology | 22,855 | 20,722 |
| | 13,822,519 | 13,092,841 |

## 11. Endowed Net Assets

The Foundation has established prudent investment and spending policies with the objective of maintaining the purchasing power of its endowed assets in perpetuity and to provide a stable level of support to the beneficiaries. To achieve this objective, the Foundation’s asset allocation strategy is reviewed periodically and adjusted to target a total return that covers inflation, administrative expenses, and spending allocations.

Certain endowed funds are provided by the State of Louisiana as a match to qualifying private endowed contributions and are managed under agreement with the Center for the Center's benefit. These endowed assets are further subject to the investment and spending policies established by the Louisiana Board of Regents, which has statutory authority to administer the matching funds program.

A spending rate is determined by the Foundation's Board of Directors, with consideration given to market conditions, the spending levels of peer institutions, and historical returns. The objective is to provide relatively stable spending allocations. The spending rate approved by the Board for the fiscal years ended June 30, 2025 and 2024 was four percent.

Effective July 1, 2010, the Louisiana legislature enacted Act No. 168 ("Act") to implement the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as the standard for the management and investment of institutional funds in Louisiana. The Act permits an institution to appropriate for expenditure or accumulate so much of an endowment fund as the institution determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to the intent of the donor as expressed in the gift instrument.

The Louisiana Board of Regents spending policy states that annual spending must be determined in accordance with UPMIFA. However, the market value of each endowment at the end of the most recent fiscal trust fund year must exceed the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal trust fund year for which a spending allocation is to be made.

The Foundation classifies as endowment restricted in perpetuity the original value of gifts donated for permanent endowment, any subsequent gifts to such endowments, and accumulations subsequently made at the direction of the applicable donor instrument.

Endowment funds net asset composition as of June 30, 2025 and 2024:

| | 2025 | 2024 |
|---|---|---|
| Endowment net assets balances beginning of year | 148,981,296 | 132,491,148 |
| Contributions | 1,048,893 | 3,365,019 |
| Net investment income | 16,083,404 | 17,774,711 |
| Administrative expenses | (2,183,177) | (2,033,372) |
| Transfers for spending | (6,452,923) | (2,616,210) |
| Endowment net assets balances end of year | 157,477,493 | 148,981,296 |

## 12. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefit expense, office supplies, maintenance agreements, rent, travel, professional development, dues, and licenses, and other, all of which are allocated on the basis of estimates of time and effort or other reasonable bases.

**13. Liquidity and Availability**

The Foundation maintains sufficient cash to meet current and future operating needs. At June 30, 2025, the Foundation had $4,438,171 in cash. Of this amount, the Board of Directors has established an Operating Reserve Policy to establish guidelines for achieving an operating reserve sufficient for the Foundation to support its annual budget, ensure continued growth of current and future programs, fulfill its mission even during times of harsh economic conditions, and provide financial stability and the means for the development of its principal activity. The reserve shall be invested in highly liquid United States Treasury obligations or bank accounts and may be used only for unanticipated and unbudgeted expenses or loss of revenue. Reserves may not be accessed in the absence of a plan for their replenishment over a reasonable period of time. The operating reserve of $1 million has been fully funded since 2011. The remaining funds in excess of the operating reserve are available for general expenditure.

In addition to these funds, the Foundation's Board of Directors has chosen to charge a management fee to all funds based on the funds' average monthly market value to cover general expenditures required to operate the Foundation. The management fee rate varies from 1% to 1.5%. Fees are assessed on a quarterly basis. Management fees of $3,123,616 for 2025 and $2,892,702 for 2024 were charged to specific funds. Certain management fee income and administrative fee expense is netted in the presentation of the statement of activities.

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from these funds is restricted for specific purposes and not available for general expenditure. The endowment funds are subject to annual spending rates as discussed in Notes 5 and 11. Annual spend amounts of all endowment funds are transferred into highly-liquid cash and cash equivalents to meet the annual needs for program services. The Foundation's investment policy requires a portion of the non-endowment donor-restricted funds to be maintained in highly-liquid cash equivalents as described in Note 4.

**14. Board Designated Net Assets**

In prior years, the Board voted and approved the establishment of specific funds upon the request of the Chancellor. At June 30, 2025 and 2024, the Foundation had $3,025,104 and $3,199,323 remaining in these funds.

**15. Subsequent Events**

In accordance with FASB Accounting Standards Codification Topic 740 "Subsequent Events," the Foundation evaluated events and transactions that occurred after the statement of financial position date but before the financial statements were made available for issuance for potential recognition or disclosure in the financial statements. The Foundation evaluated such events through August 28, 2025.

**SUPPLEMENTARY INFORMATION**

## SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

**FOR THE YEAR ENDED JUNE 30, 2025**

Louisiana Revised Statute 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 2016 Regular Session of the Louisiana Legislature to clarify 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 from public funds.

LSU Health Sciences Foundation in Shreveport is not required to report the total compensation, reimbursements, and benefits paid to Mr. Kevin Flood, President and Chief Executive Officer during the year ended June 30, 2025, as none of those payments were made from public funds.

**OTHER REPORTS**

REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

The Board of Directors
LSU Health Sciences Foundation in Shreveport
Shreveport, Louisiana

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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 financial statements of LSU Health Sciences Foundation in Shreveport and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 28, 2025.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 second paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LSU Health Sciences Foundation and Subsidiaries' consolidated 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 consolidated 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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana
August 28, 2025

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the consolidated financial statements of LSU Health Sciences Foundation and Subsidiaries.
2. No material weaknesses or significant deficiencies relating to the audit of the consolidated financial statements are reported.
3. No instances of noncompliance material to the consolidated financial statements of LSU Health Sciences Foundation and Subsidiaries are disclosed during the audit.

**B. Findings – Financial Statement Audit**

None

## SCHEDULE OF PRIOR AUDIT FINDINGS

**FOR THE YEAR ENDED JUNE 30, 2025**

There were no prior year findings.