NEW ORLEANS BIOINNOVATION CENTER, INC.
AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2020

NEW ORELANS BIOINNOVATION CENTER, INC.
AND SUBSIDIARY

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CARR RIGGS & INGRAM
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INDEPENDENT AUDITORS' REPORT

Board of Directors of
New Orleans BioInnovation Center, Inc. and Subsidiary
New Orleans, Louisiana

We have audited the accompanying consolidated financial statements of New Orleans BioInnovation Center, Inc. and Subsidiary (the Corporation), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information listed in the table of contents, on pages 18 through 22, is presented for purposes of additional analysis and is not a required part of the basic 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 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. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2021, on our consideration of New Orleans BioInnovation Center, Inc. and Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 New Orleans BioInnovation Center, Inc. and Subsidiary's 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 New Orleans BioInnovation Center, Inc. and Subsidiary's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C

Metairie, Louisiana
March 31, 2021

NEW ORLEANS BIOINNOVATION CENTER, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020

		2020
ASSETS		
Cash and cash equivalents	$	292,350
Accounts and other receivables—net		462,448
Notes receivable—net		305,080
Investments		-
Prepaid expenses and other assets		156,287
Property, plant, and equipment—net		36,290,782
TOTAL ASSETS	$	37,506,947
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	$	183,439
Rental deposits		62,707
Refundable advance—Payroll Protection Program		118,832
Deferred revenue		303,420
Total liabilities		668,398
NET ASSETS:		
Without donor restrictions		542,093
With donor restrictions		36,296,456
Total net assets		36,838,549
TOTAL LIABILITIES AND NET ASSETS	$	37,506,947

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

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2020
REVENUES:			
Government grants and contracts	$ 559,046	$ -	**$ 559,046**
Public support	5	-	**5**
Rental income	849,277	-	**849,277**
Other	89,748	-	**89,748**
Net assets released from restrictions	1,131,185	(1,131,185)	**-**
Total revenues	2,629,261	(1,131,185)	**1,498,076**
EXPENSES:			
Salaries and related expenses	416,150	-	**416,150**
Contract outside services	200,804	-	**200,804**
Professional services	115,214	-	**115,214**
Supplies	28,329	-	**28,329**
Telecommunications	43,566	-	**43,566**
Printing and copying	2,733	-	**2,733**
Books, subscriptions, reference	1,381	-	**1,381**
Rent	10,202	-	**10,202**
Utilities	255,335	-	**255,335**
Equipment rental and maintenance	66,132	-	**66,132**
Travel and meeting expenses	13,307	-	**13,307**
Equipment	26,578	-	**26,578**
Insurance	131,386	-	**131,386**
Membership dues	3,900	-	**3,900**
Outside computer services	43,769	-	**43,769**
Marketing expense	3,344	-	**3,344**
Loss on investments	122,527	-	**122,527**
Bad Debts	37,151	-	**37,151**
Other costs	3,300	-	**3,300**
Total expenses	1,525,108	-	**1,525,108**
Change in net assets from operating activities before depreciation	1,104,153	(1,131,185)	**(27,032)**
Depreciation	1,142,109	-	**1,142,109**
CHANGE IN NET ASSETS	(37,956)	(1,131,185)	**(1,169,141)**
BEGINNING NET ASSETS	580,049	37,427,641	**38,007,690**
ENDING NET ASSETS	$ 542,093	$ 36,296,456	**$ 36,838,549**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	2020
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	**$ (1,169,141)**
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation and amortization	**1,142,109**
Provision for bad debts	**37,692**
Loss on investments	**122,527**
Changes in operating assets and liabilities:	
(Increase) in accounts and other receivables	**(330,665)**
Decrease in prepaid expenses and other assets	**25,749**
Increase in accounts payable	**113,769**
Increase in refundable advance- Payroll Protection Program	**118,832**
Increase in deferred revenue and rental deposits	**73,066**
Net cash provided by operating activities	**133,938**
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	**(122,527)**
Proceeds from collections of notes receivable	**150,000**
Net increase in notes receivable due to interest capitalization	**13,074**
Net cash provided by investing activities	**40,547**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**174,485**
CASH AND CASH EQUIVALENTS—Beginning of year	**117,865**
CASH AND CASH EQUIVALENTS—End of year	**$ 292,350**

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

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

1. Principles of Consolidation

The consolidated financial statements include the accounts of New Orleans BioInnovation Center, Inc. (NOBIC) and its wholly-owned subsidiary, New Orleans BioFunding, L.L.C., (NOBF), a for-profit corporation. All inter-company accounts and transactions have been eliminated. At June 30, 2020, an intercompany payable of $675,700 was due from NOBIC to NOBF.

2. Nature of Activities

The New Orleans BioInnovation Center, Inc. and Subsidiary (the "Corporation") is a business incubator, with the primary purpose of creating and supporting jobs, primarily in the bioscience and environmental science areas. This mission is supported by a leasing office and wet-lab space and providing free or low-cost business services to local life science start-up companies. The Corporation also periodically holds public business coaching seminars/workshops provided by members of the business community. In addition, the Corporation supplies capital to emerging companies in the Greater New Orleans area in the form of loans and equity investments. The Corporation's activities are intended to foster economic development through the creation of new jobs, diversification of the local economy, and revitalization of an economically depressed area of the City of New Orleans. It is located in its 66,000 square foot facility located at 1441 Canal Street in downtown New Orleans.

The Corporation may also develop and manage other properties within the bio-medical corridor.

The Corporation is a private, non-profit entity that shall not be deemed to be a public or quasi- public corporation or an administrative unit, public servant, employee or agent of any institution of higher education for any purpose whatsoever, because the Corporation is organized and shall be operated for the principal purpose of supporting one or more programs, facilities or research or educational opportunities offered by Louisiana State University Health Sciences Center, Tulane University Health Sciences Center, Xavier University, the University of New Orleans, and the community at large.

The New Orleans BioInnovation Center, Inc. is organized and constituted as a nonprofit corporation exempt from income taxation under and in accordance with the provisions of Section 501 (c)(3) of the Internal Revenue Code and the Nonprofit Corporation Law of the State of Louisiana, La.Rev.Stat. 12:201-269. New Orleans BioInnovation Center entered into a Cooperative Endeavor Agreement (CEA) with the State of Louisiana through its Division of Administration/Office of Community Development to receive loan funds in order to provide loans and equity investments in an attempt to encourage private and philanthropic investments, diversify the economy, and extend opportunities to community-based start-up and early stage and innovative businesses. A wholly owned subsidiary, New Orleans BioFunding, LLC., was formed to originate and service the loan and equity portfolio. The CEA expired in 2018.

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

3. Financial Statement Presentation

As prescribed by Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), the corporation classifies its net assets into two categories: net assets without donor restrictions and net assets with donor restrictions.

The Corporation's two net asset categories are described below.

Net assets without donor restrictions include the following:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulation or other restrictions and the net revenues received and expenses incurred in conducting its missions.

Net assets with donor restrictions include the following:

- Net assets with donor restrictions include funds for which donor-imposed restrictions have not been met, and as of June 30, 2020, consist of the original cost of the building and equipment, reduced by amortization over the depreciable life of the building.

4. Revenue Recognition

Government Grants and Contracts - Grants are recognized when NOBIC has reasonable assurance that (1) it has complied with the relevant conditions of the grant in the applicable reporting period, and (2) the grant funds will be received.

Public Support - NOBIC recognizes all contributed support as income in the period received. Contributed support is reported as without donor restriction or with donor restriction depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activity as "net assets released from restrictions."

Leases - As a lessor, NOBIC has retained substantially all of the risks and benefits of ownership of properties held for lease and accounts for the leases as operating leases. Income on leases, which includes scheduled increases in rental rates during the lease term and/or abated rent payments for various periods following the tenant's lease commencement date, is recognized on the straight-line method over the life of the lease. Lease payments received in advance are recorded as deferred revenue.

Contribution Revenue - Donated Services - Donated services that meet the criteria for recognition as contributions consisting of contributed services that enhance nonfinancial assets or require specialized skill as support are recorded at their fair value. Fair value is estimated based on fees or hourly rates charged for similar services under similar conditions.

5. Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Corporation considers all investments with original maturities of three months or less to be cash equivalents.

NOTE A - SUMMARY OF ACCOUNTING POLICIES – Continued

6. Accounts and Other Receivables - net

The Corporation carries an allowance for doubtful accounts of $ 9,000 which management considers adequate. Management regularly assesses the adequacy of the allowance for doubtful accounts by evaluating the collectability of aging receivables, the past history of the tenant and other factors.

7. Notes Receivable - net

Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses, discussed in Note A-8. Interest on the loans range from fixed rates of 6.0% to 6.75%.

Management reviews the loan portfolio to determine the existence of, and extent to which there is any doubt regarding collectability.

8. Provision and Allowance for Loan Losses

The consolidated financial statements are prepared in accordance with FASB ASC 310. The allowance for estimated loan losses is maintained to provide for possible losses inherent in the loan portfolio. Management determines the appropriate level of reserve to be maintained based on an analysis of the portfolio and evaluation of economic factors. Such factors as loan growth, the future collectability of loans and the amounts and timing of future cash flows expected to be received on impaired loans are uncertain, therefore the level of future provisions generally cannot be predicted.

The allowance for estimated loan losses at June 30, 2020 was $37,692.

9. Investments

Investments are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in the FASB ASC 958-320, Investments-Debt and Equity Securities. Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Dividends, interest and other investment income is recorded as increases in unrestricted net assets unless the use is restricted by the donor. Donated investments are recorded at fair value at the date of receipt.

10. Property, Plant and Equipment- net

The Corporation capitalizes at cost, all property, plant and equipment in excess of $5,000. Lesser amounts are expensed as incurred. Depreciation is provided for in amounts sufficient to relate the costs of depreciable assets to operations over their estimated service lives or leasehold life, whichever is shorter, based on the straight-line method. A summary of the estimated useful lives assigned adopted by the Corporation are as follows:

	Estimated Useful Life
Buildings	40 years
Equipment	10 years

NOTE A - SUMMARY OF ACCOUNTING POLICIES – Continued

The Corporation reviews long-lived assets for impairments whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows expected to result from the use of the asset and its eventual disposition are less than the carrying amount of the asset, an impairment loss is recognized. At June 30, 2020, management believes no such impairment has occurred.

11. Fair Values of Financial Instruments

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the consolidated statement of financial position. Cash and cash equivalents carrying amounts reported in the consolidated statement of financial position approximate fair values because of the short maturities of those instruments.

12. Refundable Advance – Payroll Protection Program

The Corporation received $118,832 in forgivable loans from the Small Business Administration Payroll Protection Program. The Corporation is accounting for the loans as a financial liability at June 30, 2020 following the guidance under FASB ASC 470. The Company expects to apply for loan forgiveness in the subsequent fiscal year. However, there are no guarantees that forgiveness will be granted.

13. Advertising Costs

The Corporation expenses advertising costs as incurred. Marketing expense was $3,344 for the year ended June 30, 2020.

14. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 31, 2021. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

15. Recently Issued Accounting Standards

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Corporation serves as a resource recipient for fiscal years beginning after December 15, 2018. Thus, on July 1, 2019 the provisions of this ASU were applied on a modified retrospective basis. There was no impact to the Corporation of adopting this standard.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2019. The Corporation is currently evaluating the impact of the guidance on its consolidated financial statements.

NOTE A - SUMMARY OF ACCOUNTING POLICIES – Continued

In February 2016, the FASB issued ASU No, 2016-02, *Leases*. This accounting standard requires leases to recognize assets and liabilities related to lease arrangements longer than 12 months on the financial position as well as additional disclosures. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. The Corporation is currently evaluating the impact of the guidance on its consolidated financial statements.

NOTE B – MANAGED SERVICES AGREEMENT

Effective March 1, 2020, NOBIC entered into a Managed Services Agreement with Tulane University (Tulane) to provide support through the use of its employees or independent contractors which includes the following areas at no cost to NOBIC: a) building operations and maintenance, b) property management and leasing, c) financial, accounting and bookkeeping services and d) other areas. The initial term of the agreement is for five years with five successive five-year automatic renewal periods, unless terminated in writing by either party in accordance with the provisions, as defined. Due to delays encountered as a result of COVID-19 (See Note Q), contributed services to be provided pursuant to the Managed Services Agreement did not commence until July 2020. As a result, there was no contributed service revenue recorded for the year ended June 30, 2020 in the consolidated statement of activities.

NOTE C – ACCOUNTS AND OTHER RECEIVABLES – NET

Accounts and other receivables - net as of June 30, 2020 consisted of amounts due from the following sources:

	2020
Trade receivables	**$ 56,389**
Rent receivable	**31,717**
Grants receivable	**375,234**
Interest and other receivable	**8,108**
Total accounts receivable	**$ 471,448**
Less allowance for doubtful accounts	**(9,000)**
Accounts and other receivables, net	**$ 462,448**

NOTE D – INVESTMENTS

As of June 30, 2020, NOBF had investments consisting of preferred stock and convertible instruments, as follows:

Convertible promissory note	$	**65,978**
Security agreement for future equity		**100,000**
Preferred stock		**463,359**
Total		**629,337**
Valuation reserve		**(629,337)**
Total Investments	$	**-**

Generally accepted accounting principles require that investments be presented at fair value. The investments are with companies in the initial stage of development, and show the promise of growth in the local area. The companies are also working with the universities in New Orleans using university based technology to develop viable products. The fair value of the investments in these companies are considered to be zero at June 30, 2020.

NOTE E – PROPERTY, PLANT AND EQUIPMENT – NET

Property and equipment consists of the following at June 30, 2020:

Building	$	**45,247,408**
Equipment		**1,623,761**
Total		**46,871,169**
Less accumulated depreciation		**(10,580,387)**
Property, plant and equipment, net	$	**36,290,782**

The building was constructed on land leased from Louisiana State University, which has a reversionary interest in the building. See Note H.

Depreciation expense for the year amounted to $1,142,109.

NOTE F– REFUNDABLE ADVANCE

Refundable advance consists of a loan from the Paycheck Protection Program (PPP). In April 2020, in response to the global pandemic, the Corporation applied for and received a $118,832 loan through the Paycheck Protection Program under the CARES Act. The Corporation plans to apply for forgiveness of the entire amount during FY 2021. The interest rate on the loan is a fixed rate of 1%. No interest or principal was due within the first six months after the loan amount was disbursed, although interest continues to accrue over this six month deferral period. After such six-month deferral period and after taking into account any loan forgiveness applicable to the loan pursuant to the PPP, as approved by SBA, any remaining principal and accrued interest will be payable in substantially equal monthly installments on the first day of each month over the remaining 18 month term of the loan, in the amount provided by lender.
The loan matures two years from the date of the original note in April 2022, at which time all unpaid principal, accrued interest and any other amounts will be due and payable.

NOTE G - DEFERRED REVENUE

Deferred revenue consists of prepaid tenant rent of $303,420.

NOTE H - LEASE AGREEMENT

Louisiana State University (LSU) owns the land located at 1441 Canal Street, New Orleans. NOBIC entered into a lease agreement with LSU on December 13, 2002 for a primary term of 20 years and options to renew the lease for two 10 year periods. Rental payments stated in the First Lease Amendment dated April 11, 2017, provides for $800 a month commencing upon substantial completion of construction and acceptance for occupancy by NOBIC. The rental rates for renewal option periods provided for by the Renovation Lease shall be calculated by first determining the value of the land as follows: capitalizing the net operating income for the project for the year preceding the exercise of the option at ten percent, and attributing twenty percent of the value so derived to the land; and, second, applying, ten percent of the land value so determined as the annual rent for the renewal period. Louisiana State University has a reversionary interest in the building.

Rental expense for the year ended June 30, 2020 totaled $10,202, which includes $9,600 under the above lease agreement. Future minimum rental payments for this lease as of June 30, 2020 were as follows:

Fiscal Year		Amount
2021	$	9,600
2022		9,600
2023		9,600
2024		9,600
2025 and thereafter		162,400
Total	$	200,800

NOTE I - TENANT LEASES

The Corporation leases office, laboratory and parking facilities to tenants under operating leases. The leases are for an initial term of one year, with an option to renew for various periods extending through 2031. Lease revenue for the year ended June 30, 2020 amounted to $849,277. Future minimum rental payments on non-cancelable operating leases with lease terms in excess of one year as of June 30, 2020 were as follows:

Fiscal Year		Amount
2021	$	977,242
2022		855,258
2023		726,783
2024		641,170
2025 and thereafter		339,650
Total	$	3,540,103

NOTE J - INCOME TAXES

NOBIC is exempt from corporate income taxes under Section 501 (c)(3) of the Internal Revenue Code.

NOBIC has adopted the provision of FASB ASC 740-10-25, which requires a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The Corporation does not believe its financial statements include any uncertain tax positions.

The Corporation's wholly-owned subsidiary, NOBF, has elected to be treated as a disregarded entity for income taxation purposes. All activity is therefore presented on the Corporation's tax return.

NOTE K - FUNCTIONAL EXPENSES

Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. All other directly identifiable expenses are charged to programs and supporting services. The functional allocation of expenses as of June 30, 2020 is detailed below.

	Business Services	Facilities	Loan Program	Management and General	Total
Salaries and related expenses	$ 134,490	$ 34,228	$ 46,222	$ 201,210	**$ 416,150**
Contract outside services	35,718	158,680	6,324	82	**200,804**
Professional services	19,241	9,711	5,000	81,262	**115,214**
Supplies	8,747	10,522	-	9,060	**28,329**
Telecommunications	-	39,620	-	3,946	**43,566**
Printing and copying	218	2,322	124	69	**2,733**
Books, subscriptions, reference	487	-	-	894	**1,381**
Rent	-	10,100	64	38	**10,202**
Utilities	-	123,359	-	131,976	**255,335**
Depreciation	-	1,142,109	-	-	**1,142,109**
Equipment rental and maintenanc	405	61,773	-	3,953	**66,132**
Travel and meeting expenses	5,081	10	853	7,363	**13,307**
Equipment	-	24,678	-	1,900	**26,578**
Insurance	-	106,684	-	24,702	**131,386**
Membership dues	-	-	-	3,900	**3,900**
Outside computer services	5,592	35,954	396	1,827	**43,769**
Marketing expense	3,084	-	110	150	**3,344**
Loss on investments	-	-	122,527	-	**122,527**
Provision for bad debts	-	37,151	-	-	**37,151**
Other costs	408	22	1,075	1,795	**3,300**
Total	**$ 213,471**	**$ 1,796,923**	**$ 182,695**	**$ 474,127**	**$ 2,667,217**

NOTE L – CONCENTRATIONS OF CREDIT RISK

The Corporation maintains cash deposits with financial institutions at December 31, 2020 in excess of federally insured limits of $42,204.

NOTE M - RETIREMENT PLAN

The Corporation sponsors a defined contribution plan. All full-time employees are eligible upon date of hire, however, participation is voluntary. The Corporation contributes to the plan an amount equal to 100% of the employee's contribution, limited to 3% of the employee's salary. The contribution rate remained unchanged from the prior year. The 401(k) employer match expense for the year ended June 30, 2020 amounted to $4,942.

NOTE N - NET ASSETS

Net assets with and without donor restrictions at June 30, 2020 consist of the following:

	2020
Without donor restrictions- undesignated	**$ 542,093**
With donor restrictions- purpose restricted original building and equipment	**36,197,927**
With donor restrictions- other	**98,529**
Total net assets	**$ 36,838,549**

During FY 2020, $1,131,185 was released from restrictions, equivalent to the annual depreciation expense of the original building and equipment, whose use is restricted per the lease agreement with LSU (see Note H).

NOTE O – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Corporation’s expenditures come due. The following reflects the Corporation’s financial assets as of the statement of financial positon date, reduced by amounts not available for general use within one year of the statement of financial positon date because of contractual or donor-imposed restrictions.

NOTE O – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - Continued

		June 30, 2020
Total assets, at year end	$	37,506,947
Less nonfinancial assets:		
Property, plant and equipment—net		(36,290,782)
Prepaid expenses and other assets		(156,287)
Financial assets, at year end	$	1,059,878
Less those unavailable for general expenditure within one year due to:		
Contractual or donor-imposed restrictions:		-
Financial assets available to meet cash needs for general expenditures within one year	$	1,059,878

The Corporation is principally supported by its rental and grant income. In order to assist with meeting its cash flow requirements, the Corporation has a Cooperative Endeavor Agreement with the Louisiana Department of Economic Development which provides funding to support the Corporation’s mission and a Managed Services Agreement with Tulane University which provides contributed services (See Note B).

NOTE P- BOARD OF DIRECTORS' COMPENSATION

The Board of Directors is a voluntary board. Accordingly, no compensation was paid to any board member during the year ended June 30, 2020. An officer of Tulane University also serves on the Board of Directors of NOBIC (See Note B).

NOTE Q- UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Corporation. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD

Agency Head Name: Kristopher Khalil, President

The Agency Head is Kristopher Khalil, President. New Orleans BioInnovation Center, Inc. and Subsidiary did not make any payments to or on behalf of the President for the year ended June 30, 2020.

CRI CARR RIGGS & INGRAM
CPAs and Advisors

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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 of
New Orleans BioInnovation Center, Inc. and Subsidiary
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of New Orleans BioInnovation Center, Inc. and Subsidiary (the Corporation), which comprise the consolidated statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Corporation'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 opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's consolidated 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
March 31, 2021

SECTION I – SUMMARY OF AUDITORS' REPORTS

Financial Statements

1.	Type of auditors' report issued:	Unmodified
2.	Internal controls over financial reporting:	
	a. Material weakness identified?	None noted
	b. Significant deficiencies identified not considered to be a material weakness?	None noted
	c. Noncompliance material to financial statements noted?	None noted

SECTION II – FINANCIAL STATEMENTS FINDINGS

No findings noted.

SECTION II – FINANCIAL STATEMENTS FINDINGS

2019-001: Compliance Finding: Late Filing of Financial Statements

The 2019 audit report was not submitted to the Louisiana Legislative Auditor within six months of the year end, as required. This finding has been resolved.