LSU FOUNDATION

Consolidated Financial Statements

June 30, 2020

P&N
Postlethwaite & Netterville

LSU FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
LSU Foundation
Baton Rouge, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the LSU Foundation ("the Foundation"), as discussed in Note 1 of the consolidated financial statements, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, the related consolidated statements of activities and changes in net assets, functional expenses, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 an entity'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 an entity'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.

Postlethwaite & Netterville

Opinion

In our opinion, the consolidated financial statements referred to on the previous page present fairly, in all material respects, the consolidated financial position of the LSU Foundation as of June 30, 2020 and 2019, and the results of its consolidated activities and changes in net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 8, 2020

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	$ 16,133,582	$ 9,392,957
Restricted cash	114,780,026	17,703,787
Accrued interest receivable	290,654	899,178
Accounts receivable, net	1,455,092	1,443,277
Investments - unsettled trade receivable	-	7,443,828
Unconditional promises to give, net	4,866,172	5,822,181
Other current assets	159,254	218,747
Total current assets	137,684,780	42,923,955
NONCURRENT ASSETS		
Restricted assets:		
Investments	495,645,567	584,027,892
Assets held in split-interest agreements	2,729,824	2,976,229
Beneficial interest in split-interest agreements	1,746,104	1,701,550
Investment in partnership	13,469,113	14,043,464
Unconditional promises to give, net	13,896,415	9,423,643
Property and equipment, net	31,786,686	26,541,885
Other noncurrent assets	1,003,624	947,285
Total noncurrent assets	560,277,333	639,661,948
Total Assets	$ 697,962,113	$ 682,585,903

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

L I A B I L I T I E S A N D N E T A S S E T S

		2020		2019
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	4,401,544	$	4,004,648
Current portion of funds held in custody for others		23,107,383		18,087,931
Compensated absences payable and other payroll liabilities		495,467		565,019
Notes payable, current portion		879,634		254,171
Deferred revenues		40,907		65,441
Total current liabilities		28,924,935		22,977,210
NONCURRENT LIABILITIES				
Funds held in custody for others, net of current portion		115,132,192		116,071,640
Refundable advances		1,777,595		449,583
Notes payable, less current portion		15,308,777		9,513,850
Total noncurrent liabilities		132,218,564		126,035,073
Total liabilities		161,143,499		149,012,283
NET ASSETS				
Without donor restrictions		43,489,935		45,184,263
With donor restrictions		493,328,679		488,389,357
Total net assets		536,818,614		533,573,620
Total Liabilities and Net Assets	$	697,962,113	$	682,585,903

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Changes in net assets without donor restrictions:		
Contributions	$ 1,318,737	$ 1,306,561
Service fees	1,331,493	1,367,174
Investment advisory fees	2,525,000	2,525,000
Earnings allocation, net	1,456,546	3,106,071
Other revenues	8,030,276	3,550,205
Gain on the sales and disposition of assets	-	10,495
Total revenues without donor restrictions	14,662,052	11,865,506
Net assets released from donor restrictions	33,901,733	34,397,596
Total revenues and other support without donor restrictions	48,563,785	46,263,102
Program expenses	34,183,462	32,724,830
Supporting services:		
Management and general	6,500,075	6,140,643
Fundraising	9,574,576	9,662,103
Total supporting services	16,074,651	15,802,746
Total expenses	50,258,113	48,527,576
Change in net assets without donor restrictions	(1,694,328)	(2,264,474)
Changes in net assets with donor restrictions:		
Contributions	34,291,175	34,013,401
Earnings allocation	4,619,619	17,426,715
Changes in value of split-interest agreements	(69,739)	183,555
Loss on the sales and disposition of assets	-	(1,848)
Total revenues with donor restrictions	38,841,055	51,621,823
Net assets released from donor restrictions	(33,901,733)	(34,397,596)
Change in net assets with donor restrictions	4,939,322	17,224,227
Change in net assets	3,244,994	14,959,753
Net assets - beginning of year	533,573,620	518,613,867
Net assets - end of year	$ 536,818,614	$ 533,573,620

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

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	June 30, 2020			
	Program Services	Management and General	Fundraising	Total
University support	$ 26,269,665	$ -	$ -	$ 26,269,665
Salaries and benefits	143,213	4,854,170	7,637,704	12,635,087
Office operations	3,131,601	738,729	671,131	4,541,461
Meetings and development	1,886,992	33,646	413,810	2,334,448
Professional services	1,362,106	225,323	163,201	1,750,630
Travel	788,675	9,771	71,549	869,995
Depreciation	376,370	442,879	377,571	1,196,820
Dues and subscriptions	157,139	14,820	36,614	208,573
Occupancy	67,701	180,737	202,996	451,434
	$ 34,183,462	$ 6,500,075	$ 9,574,576	$ 50,258,113

	June 30, 2019			
	Program Services	Management and General	Fundraising	Total
University support	$ 23,321,218	$ -	$ -	$ 23,321,218
Salaries and benefits	208,744	4,306,464	6,535,087	11,050,295
Office operations	2,866,016	707,229	826,796	4,400,041
Meetings and development	2,678,348	153,902	1,564,843	4,397,093
Professional services	2,075,358	386,494	124,577	2,586,429
Travel	1,147,999	17,594	60,901	1,226,494
Depreciation	190,289	429,007	380,440	999,736
Dues and subscriptions	124,811	33,566	64,022	222,399
Occupancy	112,047	106,387	105,437	323,871
	$ 32,724,830	$ 6,140,643	$ 9,662,103	$ 48,527,576

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

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received for operations	$ 16,529,850	$ 16,655,649
Service fees and investment advisory fees received	13,071,359	8,966,099
Interest and dividends received	6,572,281	8,072,686
Grants paid to benefit Louisiana State University	(35,091,200)	(30,392,124)
Cash paid for supporting services	(12,889,585)	(15,889,040)
Interest paid	(529,786)	(288,656)
Net cash used in operating activities	(12,337,081)	(12,875,386)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,617,320)	(8,689,790)
Proceeds from sales of property and equipment	-	96,348
Purchases of investments	(193,719,499)	(89,526,248)
Proceeds from sales and maturities of investments	297,166,422	116,282,656
Net cash provided by investing activities	96,829,603	18,162,966
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for endowment purposes	7,520,470	10,341,801
Principal payments on notes payable	(262,490)	(153,734)
Proceeds from issuance of note payable	6,682,880	6,597,555
Increase (decrease) in amounts held in custody	4,080,004	(13,801,308)
Net increase (decrease) in refundable advances and deferred revenues	1,303,478	(145,094)
Net cash provided by financing activities	19,324,342	2,839,220
Net change in cash and cash equivalents	103,816,864	8,126,800
Cash and cash equivalents - beginning of the year	27,096,744	18,969,944
Cash and cash equivalents - end of the year	$ 130,913,608	$ 27,096,744

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

LSU FOUNDATION
BATON ROUGE, LOUISIANA

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF FINANCIAL POSITION		
Cash and cash equivalents	$ 16,133,582	$ 9,392,957
Restricted cash	114,780,026	17,703,787
	$ 130,913,608	$ 27,096,744

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant Accounting Policies

Organization and purpose

The LSU Foundation (the "Foundation") is a non-profit organization which was organized to promote the educational and cultural welfare of the Louisiana State University and Agricultural and Mechanical College and the Louisiana State University Agricultural Center, herein collectively referred to as "the University," by accepting contributions for the purpose of scholarships, academic support, research support, and other designated projects for the benefit of the University.

Consolidation

The Foundation elects all of the members of the LSU Property Foundation's board of directors and, therefore, is considered to have a majority voting interest in the LSU Property Foundation's board. The LSU Property Foundation is the sole member of the LSU Marine Property Foundation, the LSU Museum, LLC, the Equine Lameness Unit, LLC, the Foundation Office Building, LLC, the Admissions and Recruiting Center, LLC, the Nicholson Gateway Project, LLC, and the Veterans Center, LLC. The LSU Foundation was the sole member of the Cary Estate - Surface Property, LLC, the Cary Estate - Working Interests, LLC, and the Cary Estate - Non-Working Interests, LLC. The Foundation is considered to have a majority voting interest in the LSU Real Estate and Facilities Foundation ("LSU REFF"), a supporting organization of the Board of Supervisors of Louisiana State University and Agricultural and Mechanical College and the LSU Foundation. LSU REFF is the sole member of the Greenhouse District Project, LLC, the ULS, LLC, the SLA, LLC, the Recital Hall, LLC, the Hilltop Arboretum Projects, LLC, the Roosevelt Street, LLC, the Geology Field Camp, LLC, the Burden Museum and Gardens, LLC, the LSU-A Student Service Building, LLC, the LSU-A Allied Health Facility, LLC, the Bengal Village, LLC, the Dentistry Housing, LLC, the Charity Hospital Redevelopment, LLC, University Lakes, LLC, Memorial Tower Plaza, LLC, Mobility Transit, LLC, Pilots Pointe, LLC, and Coates Lab, LLC. As such, the consolidated financial statements of the Foundation include the accounts of the LSU Property Foundation, those LLCs for which the LSU Property Foundation is sole member, the LLCs for which the LSU Foundation is sole member, the LSU Marine Property Foundation, the LSU Real Estate and Facilities Foundation, and the LLCs for which LSU Real Estate and Facilities Foundation is a sole member. The LSU Marine Property Foundation, the Cary Estate – Surface Property, LLC, the Cary Estate – Working Interests, LLC, and the Cary Estate – Non-Working Interests, LLC, were dissolved during the year ended June 30, 2019. The Roosevelt Street, LLC, Dentistry Housing, LLC, and Coates Lab, LLC, were dissolved during the year ended June 30, 2020.

All significant intercompany accounts and transactions have been eliminated in consolidation.

Recent accounting pronouncement

The Foundation adopted Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, for the year ended June 30, 2020. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist organizations in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

1. **Significant Accounting Policies** (continued)

Basis of accounting

The 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 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.

Net Assets With Donor Restrictions – Net assets that are contributions and endowment investment earnings subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Foundation and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. As of June 30, 2020 and 2019, the Foundation's net assets with donor restrictions are restricted for funding chairs and professorships, scholarships and fellowships, academic support and development, capital outlay and improvements, research support and institutional support programs specified by the donors.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor-imposed restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

The Foundation reports gifts of land, buildings, equipment, and other assets as revenues without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. The Foundation reports expirations of donors' restrictions when the donated or acquired long-lived assets are placed in service.

Use of estimates

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

1. **Significant Accounting Policies** (continued)

Cash and cash equivalents

The Foundation considers all highly liquid investments with maturities of three months or less at the date of acquisition to be cash equivalents.

Restricted cash represents amounts set aside to fund restrictions imposed by donors.

The Foundation, at times, may have deposits in excess of FDIC insured limits. Management, however, believes the credit risk associated with these deposits is minimal.

Investments

Investments in equity securities with readily determinable fair values and investments in debt securities are recorded at fair value based on quoted market prices. Investments in non-exchange traded debt and equity instruments are valued using independent pricing services or by broker/dealers who actively make markets in these securities.

Investments managed by external advisors include investments in limited partnerships and commingled funds. The majority of these external investments are not readily marketable and are reported at fair value utilizing the most current information provided by the external advisor, subject to assessments that the information is representative of fair value and in consideration of any additional factors deemed pertinent to the fair value measurement. If situations occur where the information provided by the external advisor is deemed to not be representative of fair value as of the measurement date, management evaluates specific features of the investment and utilizes supplemental fair value information provided by the external advisor along with any relevant market data to estimate the investment's fair value.

Fair value is based on a combination of information obtained from independent appraisals and/or one or more industry standard valuation techniques (e.g., income approach, market approach or cost approach). The income approach is primarily based on the investment's anticipated future income using one of two principal methods, the discounted cash flow method or the capitalization method. Inputs and estimates developed and utilized in the income approach may be subjective and require judgment regarding significant matters such as estimating the amount and timing of future cash flows and the selection of discount and capitalization rates that appropriately reflect market and credit risks. The market approach derives investment value through comparison to recent and relevant market transactions with similar investment characteristics. The cost approach is utilized when the cost or the replacement cost amounts are determined to be the best representation of fair value. This method is typically used for newly purchased or undeveloped assets. These values are determined under the direction of, and subject to review by, the Foundation's management.

Dividend, interest, and other investment income is recorded as an increase in net assets with or without donor restrictions depending on donor stipulations.

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

1. Significant Accounting Policies (continued)

Fair values of financial instruments

The Foundation's financial instruments, excluding investments which are described in Note 2 and split-interest agreements which are recorded at estimated fair value, include cash and cash equivalents and unconditional promises to give. The Foundation estimates that the fair values of all these financial instruments at June 30, 2020 and 2019, do not differ materially from the aggregate carrying values of these financial instruments recorded in the accompanying consolidated statements of financial position.

Contributions

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

Promises to give

Unconditional promises to give are recognized as revenue in the period received. Promises to give are recorded at their realizable value if they are expected to be collected in one year and at their fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. An allowance for doubtful accounts has been established based on management's assessment of collectability.

Refundable advances

The Foundation received contributions that are deemed revocable until spent during the years ended June 30, 2020 and 2019. For the years ended June 30, 2020 and 2019, the Foundation has outstanding refundable advances of $1,777,595 and $449,583, respectively.

Property and equipment

Purchased property and equipment is recorded at cost. Property and equipment donated to the Foundation is recorded at its fair value at the date of donation which is then treated as cost. Depreciation is provided over the estimated useful lives, which range from 5 to 25 years, of exhaustible assets on a straight-line basis. Inexhaustible assets, such as artwork and collections, are not depreciated. These inexhaustible assets are evaluated for impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. **Significant Accounting Policies** (continued)

Split-interest agreements

The Foundation is the beneficiary of various charitable gift annuities. Charitable gift annuities are arrangements between a donor and an organization in which the donor contributes assets to the organization in exchange for a promise by the organization to pay a fixed amount for a specified period of time to the donor or other parties designated by the donor. The assets received are recorded at fair value and reported as assets held in split-interest agreements on the consolidated statements of financial position. When the annuity is initially executed, the difference between the fair value of assets received and the present value of the annuity payment liability is reported as contribution revenue in the consolidated statements of activities and changes in net assets. On an annual basis, the annuity payment liability is revalued using present value techniques and actuarial assumptions, including applicable mortality tables. Changes in the present value of the annuity payment liability are reported in the consolidated statements of activities and changes in net assets as a change in the value of split-interest agreements. The present value of the liability is included in the consolidated statements of financial position as funds held in custody for others.

Funds held in custody for others

The Foundation considers all state matching funds and unexpended income from these funds to be funds held in custody for others. Additionally, amounts held for other LSU affiliated foundations and liabilities associated with charitable gift annuities and charitable remainder trusts are also reported as funds held in custody for others. All funds held in custody are recorded in the consolidated statements of financial position at their estimated fair market values.

Leases

Lease revenues are recognized as revenue in the year in which the lease payments relate. Any advance payments are reported as deferred revenue on the consolidated statements of financial position.

Compensated absences

The Foundation records a liability for accrued and unused vacation of its employees. The balances in accrued and unused vacation totaled $460,257 and $524,881 at June 30, 2020 and 2019, respectively.

1. **Significant Accounting Policies** (continued)

Functional expenses

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

Expense	**Method of Allocation**
Salaries and benefits	Time and effort
Occupancy	Full time equivalent
Depreciation	Full time equivalent
Office operations - Insurance	Full time equivalent
Office operations - Telecommunication	Full time equivalent

Income taxes

The LSU Foundation, the LSU Property Foundation, the LSU Marine Property Foundation, and the LSU Real Estate and Facilities Foundation operate as public charities under Section 501(c)(3) of the Internal Revenue Code and, accordingly, are exempt from federal and state income taxes and the excise tax which applies to certain foundations.

The Foundation accounts for income taxes in accordance with the accounting guidance included in the Accounting Standards Codification (ASC). The Foundation recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than fifty percent likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs.

The Foundation has evaluated its position regarding the accounting for uncertain income tax and does not believe that it has any material uncertain tax positions at June 30, 2020.

Accounting pronouncements issued but not yet adopted

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principals of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The implementation of this standard was delayed by FASB upon issuance of ASU 2020-05 in June 2020. This standard will be effective for the Organization’s fiscal year ending June 30, 2021.

1. **Significant Accounting Policies** (continued)

Accounting pronouncements issued but not yet adopted (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This accounting standard requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. This standard will be effective for the year ended June 30, 2023.

The Foundation is currently assessing the impact of these pronouncements on its consolidated financial statements.

Reclassification

Certain reclassifications have been made to the consolidated financial statements and footnotes as of and for the year ended June 30, 2019, in order for them to conform to the current year presentation.

2. Investments

Investments in debt and equity securities with readily determinable fair values are stated at their estimated fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for further discussion of fair value measurements.

The Foundation segregates its investments into four separate pools based on donor imposed restrictions and internal designations and has established separate investment strategies for these pools. Investment earnings are allocated to net assets with or without donor restrictions based on donor restrictions for certain permanently endowed funds and based on policies approved by the Board of Directors for certain non-endowed funds. The Foundation employs a unitized method of accounting for pooled endowed investments. Each participating fund enters into and withdraws from the pooled investment account based on monthly unit values. Monthly unit values reflect changes in the fair value of investments within the investment pool. A spending allocation approved by the Board of Directors is made each year to the funds on a per unit basis.

The asset allocation of the Foundation's portfolio involves exposure to a diverse set of markets which involve various risks such as interest rate risk, market risk, and credit risk. The Foundation believes that the value of its investments may, from time to time, fluctuate substantially as a result of these risks. The Foundation has also entered into agreements with private equity and real estate partnerships. See Note 15 for cash commitments relating to these investments.

Investments were comprised of the following at June 30, 2020 and 2019:

	2020	2019
Government agency obligations	$ 1,574,874	$ 49,104,486
Corporate obligations	27,018,375	48,342,594
Common stocks	4,254,565	3,658,079
Mutual funds	139,850,473	136,385,962
Commingled funds	129,218,452	146,448,188
Hedge funds	67,473,764	65,811,448
Municipal obligations	7,077,914	17,735,554
Private equity	73,268,784	70,642,352
Separately managed accounts	45,754,282	45,745,145
Royalty interests	154,084	154,084
	$ 495,645,567	$ 584,027,892

From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below corpus. No deficiencies of this nature were noted at year ended June 30, 2019. Deficiencies totaling $8,927 were noted for the year ended June 30, 2020.

3. Fair Value of Financial Instruments

In accordance with the *Fair Value Measurements and Disclosure* topic of the FASB ASC, disclosure of fair value information about financial instruments is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments; therefore, the aggregate fair value amounts presented do not necessarily represent the underlying value of the Foundation.

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

Fair Value Hierarchy

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

- Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

- Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

3. **Fair Values of Financial Instruments** (continued)

The Foundation utilizes several externally managed funds for private equity, venture capital, and hedge funds, and with these types of investments, quoted prices are often unavailable, and pricing inputs are generally unobservable. Investments classified within level 3 have significant unobservable inputs, as they trade infrequently or not at all. In certain instances, several valuation techniques are utilized by external managers (e.g. the market approach or the income approach) for which sufficient and reliable data is available. The use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. In circumstances in which net asset value per share of an investment is not determinative of fair value, the manager is permitted, as a practical expedient, to estimate the fair value of an investment in an investment company using the net asset value per share of the investment (or its equivalent) without further adjustment, if the net asset value per share of the investment is determined in accordance with the specialized accounting guidance for Investment Companies as of the reporting entity's measurement date. The application of those valuation procedures and methodologies are borne out in each manager's compliant annual audited financial statements and were monitored through the Foundation's reporting periods ended June 30, 2020 and 2019.

Level 3 Valuation Techniques

Although direct valuation techniques and methodologies for Level 3 assets are not completed internally, Foundation staff and the Foundation's investment consultant conduct ongoing monitoring and review of managers to ensure that reporting and valuation techniques are in accordance with industry standards and best practices. Capital statements, performance, and pertinent news regarding changes in management are scrutinized as an internal part of the due diligence process prior to hiring a manager. These same elements are monitored on an on-going basis, as a matter of regular business practice, following the hiring of a manager. Level 3 asset types for which this due diligence process and focused monitoring are applied internally are commingled funds, hedge funds, other private equity, and commodities and natural resources.

The valuation process conducted internally for those Level 3 assets categorized as beneficial interests in split-interest agreements primarily entails a calculation of the present value of proceeds expected to be received in accordance with the terms of the agreement. Each agreement is reviewed by management to determine the amount of any contractual and/or estimated payments to income beneficiaries using available actuarial data. The present value is calculated using an assumed rate of risk as recommended by the Director of Investments in conjunction with actuarial data tables published by the Social Security Administration.

3. **Fair Values of Financial Instruments** (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Totals
Government agency obligations	$ -	$ 1,574,874	$ -	$ 1,574,874
Municipal obligations	-	7,077,914	-	7,077,914
Corporate obligations	-	27,018,375	-	27,018,375
Common stocks	4,254,565	-	-	4,254,565
Mutual funds:				
Domestic equity	80,287,819	-	-	80,287,819
Developed foreign equity	11,235,474	-	-	11,235,474
Core fixed income	48,327,180	-	-	48,327,180
Absolute return	-	-	-	-
Annuity and trust funds held by agent	2,729,824	-	-	2,729,824
Beneficial interest in split-interest agreements	-	-	1,746,104	1,746,104
Royalty interests	-	-	154,084	154,084
	$146,834,862	$ 35,671,163	$ 1,900,188	
Commingled funds (including hedge funds measured at net asset value) (*a*)				196,692,216
Private market investments measured at net asset value (*a*)				73,268,784
Other investments measured at net asset value (including separately managed accounts) (*a*)				45,754,282
				$500,121,495

(a) - In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

3. **Fair Values of Financial Instruments** (continued)

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Totals
Government agency obligations	$ -	$ 49,104,486	$ -	$ 49,104,486
Municipal obligations	-	17,735,554	-	17,735,554
Corporate obligations	-	48,342,594	-	48,342,594
Common stocks	3,658,079	-	-	3,658,079
Mutual funds:				
Domestic equity	72,718,308	-	-	72,718,308
Developed foreign equity	10,965,603	-	-	10,965,603
Core fixed income	47,660,433	-	-	47,660,433
Absolute return	5,041,618	-	-	5,041,618
Annuity and trust funds held by agent	2,976,229	-	-	2,976,229
Beneficial interest in split-interest agreements	-	-	1,701,550	1,701,550
Royalty interests	-	-	154,084	154,084
	$143,020,270	$ 115,182,634	$ 1,855,634	
Commingled funds (including hedge funds measured at net asset value) (*a*)				212,259,636
Private market investments measured at net asset value (*a*)				70,642,352
Other investments measured at net asset value (including separately managed accounts) (*a*)				45,745,145
				$588,705,671

(a) - In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

3. **Fair Values of Financial Instruments** (continued)

The following tables present the nature, characteristics and risks of investments measured at net asset value and whether the investments, if sold, are probable of being sold at amounts different from net asset value per share or its equivalent.

June 30, 2020

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled funds	$ 129,218,452	$ -	quarterly or less	≤ 90 days
Hedge funds:				
Long/short equity	1,306,342	-	longer than quarterly	≤ 90 days
Long/short equity	3,201,874	-	quarterly or less	≤ 90 days
Event driven	14,782,079	-	longer than quarterly	≤ 90 days
Credit	8,374,366	-	longer than quarterly	> 90 days
Multi-strategy	13,809,907	-	longer than quarterly	≤ 90 days
Multi-strategy	25,999,196	-	quarterly or less	≤ 90 days
Total commingled and hedge funds	196,692,216			
Private markets	73,268,784	32,424,717	*	
Other	45,754,282	-	quarterly or less	≤ 90 days
Total	$ 315,715,282	$ 32,424,717		

* Private market investments are generally invested in funds with no specific redemption period. Investment proceeds, if any, from private market investments are distributed to investors throughout the life of the private market investment fund, as stipulated in the funds' offering documents.

3. **Fair Values of Financial Instruments** (continued)

June 30, 2019

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled funds	$ 146,448,188	$ -	quarterly or less	≤ 90 days
Hedge funds:				
Long/short equity	2,548,473	-	longer than quarterly	≤ 90 days
Long/short equity	2,764,803	-	quarterly or less	≤ 90 days
Event driven	20,083,837	-	longer than quarterly	≤ 90 days
Credit	9,038,679	-	longer than quarterly	> 90 days
Multi-strategy	13,872,225	-	longer than quarterly	≤ 90 days
Multi-strategy	17,503,431	-	quarterly or less	≤ 90 days
Total commingled and hedge funds	212,259,636			
Private markets	70,642,352	34,589,737	*	
Other	45,745,145	-	quarterly or less	≤ 90 days
Total	$ 328,647,133	$ 34,589,737		

* Private market investments are generally invested in funds with no specific redemption period. Investment proceeds, if any, from private market investments are distributed to investors throughout the life of the private market investment fund, as stipulated in the funds' offering documents.

The following table presents the changes in fair value in Level 3 instruments that are measured at fair value on a recurring basis for the years ended June 30, 2020 and 2019:

Balance - June 30, 2018	$ 1,773,610
Sales	(108,646)
Unrealized gains	103,803
Realized gains	86,867
Balance - June 30, 2019	1,855,634
Sales	(-)
Unrealized gains	44,554
Realized gains	-
Balance - June 30, 2020	$ 1,900,188

The realized and unrealized gains or losses recorded during the years ended June 30, 2020 and 2019, are included in the consolidated statements of activities and changes in net assets as earnings allocation within net assets with or without donor restrictions based on donor restrictions for certain permanently endowed funds and based on policies approved by the Board of Directors for certain non-endowed funds.

4. Unconditional Promises to Give

Unconditional promises to give at June 30, 2020 and 2019, were as follows:

	2020	2019
Promises to give expected to be collected in:		
Less than one year	$ 5,379,403	$ 5,291,981
One to five years	12,305,763	8,363,836
More than five years	3,474,204	3,685,504
	21,159,370	17,341,321
Less discount on promises to give	(1,883,552)	(2,025,697)
Less allowance for uncollectible accounts	(513,231)	(69,800)
Net unconditional promises to give	$ 18,762,587	$ 15,245,824

The discount rates used in discounting unconditional promises to give that were made in fiscal years 2020 and 2019 were 0.16% and 1.67%, respectively.

5. Split-Interest Agreements

The Foundation serves as trustee for several charitable remainder trusts for which the Foundation is the irrevocable beneficiary. The funds are held and administered by a third-party financial institution as an agent of the Foundation. The fair value of the funds held is reported as an asset and corresponding liability in the consolidated statements of financial position. As of June 30, 2020 and 2019, the fair value of both the asset and corresponding liability of these charitable remainder trusts totaled $268,558 and $289,082, respectively.

The Foundation has several charitable gift annuity arrangements with donors in which the Foundation has received assets from a donor in exchange for the Foundation's promise to pay the donor or his or her designee a fixed amount over a specified period of time. The assets are held and administered by a third-party financial institution as an agent of the Foundation. The assets are reported as investments - split-interest agreements on the consolidated statements of financial position at the fair value of $2,461,266 and $2,687,147 for the year ended June 30, 2020 and 2019, respectively. The present value of the amount due to these donors or their designees as of June 30, 2020 and June 30, 2019, totaled $2,060,912 and $2,172,500, respectively.

The Foundation is the irrevocable beneficiary of several split-interest agreements for which the funds are held and administered by third parties. The Foundation's interest in the funds held by the third parties is measured at its present value and reported as assets in the consolidated statements of financial position as beneficial interest in split-interest agreements. As of June 30, 2020 and 2019, the fair value of the beneficial interests totaled $1,746,104 and $1,701,550 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Leasehold improvements	$ 2,372,694	$ 2,372,634
Buildings	23,198,046	19,712,794
Furniture and equipment	2,495,590	2,584,428
Livestock	-	47,500
	28,066,330	24,717,356
Less: accumulated depreciation and amortization	(4,694,450)	(3,550,471)
	23,371,880	21,166,885
Construction in progress	3,413,906	374,100
Land	781,924	781,924
Artwork and other non-depreciable assets	4,218,976	4,218,976
	$ 31,786,686	$ 26,541,885

7. Investment in Partnership

The Foundation is a 50% investor in the Shaw Center for the Arts, LLC, and accordingly, accounts for the investment using the equity method of accounting. The investments recorded on the consolidated statements of financial position totaled $13,469,113 and $14,043,464 at June 30, 2020 and 2019, respectively. The summarized financial information as of and for the years ended June 30, 2020 and 2019 of the Shaw Center for the Arts, LLC is as follows:

	2020	2019
Total assets	$ 27,392,843	$ 28,357,808
Total liabilities	$ 454,617	$ 270,880
Net loss	($ 1,154,994)	($ 1,087,213)

8. Notes Payable

The Foundation Office Building, LLC had a construction line of credit that was converted to a $3,250,000 term note on November 8, 2016 and is secured by the mortgaged property. The note bears interest at a fixed rate of 3.5% and the outstanding balances as of June 30, 2020 and 2019, are $843,510 and $869,433, respectively. The note is scheduled to mature on November 8, 2041. For the years ended June 30, 2020 and 2019, interest expense totaling $30,339 and $31,448, respectively, was recognized and is included in office operations expense within the management and general function.

8. **Notes Payable** (continued)

On March 28, 2018, the Nicholson Gateway Project, LLC, entered into a $2,430,000 term note secured by all property of the borrower. The note bears interest at a fixed rate of 4.61% and the outstanding balances as of June 30, 2020 and 2019, are $2,254,953 and $2,357,100, respectively. Level payments of principal and interest are due until the maturity date, March 28, 2028. Capitalized interest during the year ended June 30, 2019 totaled $57,256. Interest expense totaling $105,426 was recognized for the year ended June 30, 2020 and is included in office operations expense within the management and general function.

On February 8, 2019, Bengal Village, LLC, executed an assumption of a mortgage promissory note secured by the property to refinance a loan taken out on September 21, 2018, by Eunice Student Housing Foundation for the construction of the Bengal Village student housing on the LSU-E campus in the amount of $6,650,711. The note bears interest at a fixed rate of 5.5% and the outstanding balances as of June 30, 2020 and 2019, are $6,407,068 and $6,541,488, respectively. The note is scheduled to mature on September 8, 2023. For the years ended June 30, 2020 and 2019, interest expense totaling $360,335 and $173,410, respectively, was recognized and is included in office operations expense within the management and general function. Subsequent to fiscal year-end, the terms of the loan were modified. The rate was lowered to 4.5% and the loan is scheduled to mature on August 8, 2025.

On March 25, 2020, Pilots Pointe, LLC, entered into a $5,300,000 term loan secured by all property of the borrower. The note bears interest at a fixed rate of 2.40% and the outstanding balance as of June 30, 2020 is $5,300,000. The note is scheduled to mature on March 25, 2027. For the year ended June 30, 2020 interest expense totaling $33,684 was recognized and is included in office operations expense within the management and general function.

On April 7, 2020, LSU Foundation received a loan in the amount of $1,382,880 under the Paycheck Protection Program created as a part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at a fixed rate of 0.98%, but payments are not required to begin for ten months after the funding of the loan. The Foundation is eligible for forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

The notes payable are scheduled to mature as follows:

Year ending June 30,	Amount
2021	$ 879,634
2022	1,481,256
2023	502,937
2024	6,311,086
2025	348,847
Thereafter	6,664,651
	$ 16,188,411

9. Funds Held In Custody For Others

Under agreements with the University and certain other charitable organizations, the Foundation manages and holds for deposit designated funds for these entities. The funds being held at June 30, 2020 and 2019, were as follows:

	2020	2019
LSU - Alexandria Foundation	$ 20,340,285	$ 20,839,564
LSU - Eunice Foundation	2,744,145	2,566,167
State Matching Funds Managed for the University	112,825,675	108,292,258
Split-interest agreements	2,329,470	2,461,582
	138,239,575	134,159,571
Less: portion classified as current	(23,107,383)	(18,087,931)
	$ 115,132,192	$ 116,071,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. Net Assets

Net assets with donor restrictions at June 30, 2020 and 2019, were restricted for the following purposes:

	2020	2019
Chairs and professorships	$ 181,119,600	$ 186,080,951
Scholarships and fellowships	129,580,010	126,499,766
Academic support and development	148,139,599	146,731,087
Capital outlay and improvements	26,743,836	19,970,157
Research support	7,047,290	6,983,137
Institutional support	698,344	2,124,259
	$ 493,328,679	$ 488,389,357

Of the above amounts reported as net asset with donor restrictions, the following are permanently restricted to investments in perpetuity, the income from which is expendable to support the activities below:

	2020	2019
Chairs and professorships	$ 122,339,446	$ 121,949,397
Scholarships and fellowships	91,001,066	86,697,119
Academic support and development	68,997,387	67,347,839
Capital outlay and improvements	209,885	209,885
Research support	2,209,262	2,089,550
	$ 284,757,046	$ 278,293,790

Net assets were released from donor restrictions by satisfaction of the restricted purposes or by occurrence of the passage of time or other events specified by the donors during the years ended June 30, 2020 and 2019, as follows:

	2020	2019
Chairs and professorships	$ 8,635,511	$ 7,051,760
Scholarships and fellowships	8,834,722	6,399,543
Academic support and development	13,579,663	15,605,547
Capital outlay and improvements	1,544,499	4,051,332
Research support	1,223,347	1,138,796
Institutional support	83,991	150,618
	$ 33,901,733	$ 34,397,596

10. Net Assets (continued)

The Foundation's net assets without donor restrictions at June 30, 2020 and 2019, were comprised of undesignated and Board designated amounts to support the activities below:

	2020	2019
Undesignated	$ 11,279,727	$ 7,233,927
Board designated for continued University support	12,851,914	12,778,510
Board designated for operating reserve	4,810,000	6,766,479
Board designated for capital outlay and Improvements	566,545	1,899,611
Board designated for quasi-endowment and scholarships	512,636	2,462,272
Board designated for partnership investment	13,469,113	14,043,464
	$ 43,489,935	$ 45,184,263

Board designated for continued University support

The Foundation's Board has designated funds to provide continued support for the University.

Board designated for operating reserve

The Foundation maintains a minimum operating reserve of board designated funds equal to 40% of the approved budget for the Foundation total operating revenues for the current fiscal year. The minimum operating reserve is intended to preserve sufficient unrestricted dollars for possible occurrences of significant negative variances in projected revenues or other unforeseen circumstances.

Board designated for capital outlay and improvements

The Foundation's Board has designated funds to provide temporary bridge loans for various capital projects before the projects secure longer-term financing options while awaiting donor pledge commitments to be funded or financial closings for debt financed projects to be completed.

Board designated for quasi-endowment and scholarships

The Foundation's Board designated funds be set aside to establish and maintain a quasi-endowment for the purpose of securing Foundation's long-term financial viability and continuing to meet the needs of the Foundation. The Foundation's Board has also designated funds to provide scholarships for the University.

Board designated for partnership investment

As discussed in Note 7, the Foundation is a 50% investor in the Shaw Center for the Arts, LLC ("Shaw Center"), and accordingly, the net assets related to the Shaw Center are designated to its investment.

11. Endowed Net Assets

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

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 University for the University's benefit. These state matching endowed funds, which are maintained in a separate pool from other Foundation investments, 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 LSU Foundation Board of Directors on an annual basis, with consideration given to the market conditions, the spending levels of peer institutions, and the level of real return after spending measured over the long term. The spending rate approved by the Board is applied to the sixty-month moving average fair value of the investment pool of endowed assets. The objective is to provide relatively stable spending allocations. The net spending rate approved by the Board of Directors for each of the years ended June 30, 2020 and 2019, was 4.00%.

Effective July 1, 2010, the Louisiana Legislature enacted Act No. 168 (the "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.

In its interpretation of the law, the Foundation's Board of Directors has determined that it is prudent for those endowed funds with no donor restrictions to the contrary whose market value is in excess of 80% (eighty percent) of corpus be made available for appropriation for expenditure within the provisions of the Board's annual establishment of spending policy. The portion that has not been determined to be available for expenditure is considered by the Board to be funds of perpetual duration and is classified as net assets with donor restrictions. In making such determination, the Board considered the following factors: the duration and preservation of the endowment fund; the purposes of the institution and the endowment fund; general economic conditions; the possible effect of inflation or deflation; expected total return from income and appreciation of investments; other resources of the institution; and the investment policy of the institution.

The Louisiana Board of Regents spending policy dictates that 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 equal to the amount to be made available for expenditure in the next fiscal year for which a spending allocation is made. When the current market value of each endowment is below the original corpus, no spending is allowed.

The LSU Foundation Board of Directors has chosen to manage a portion of its net assets without donor restrictions as part of the endowed funds investment pool. At June 30, 2020 and 2019, the fair value of these Board Designated Endowed Funds was $512,636 and $2,462,272 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. **Endowed Net Assets** (continued)

The Foundation reclassified market value adjustments from non-endowed donor-restricted amounts to endowed donor-restricted amounts to accurately reflect endowed funds with donor restrictions.

	Without Donor Restrictions	With Donor Restrictions	Total
Endowed net assets at June 30, 2018	$ 5,805,210	$ 361,397,867	$ 367,203,077
Investment return:			
Net appreciation (depreciation)	(892,007)	3,999,028	3,107,021
Realized gains	92,985	5,932,075	6,025,060
Contributions	404,412	12,047,693	12,452,105
Funds undesignated by the Board	(2,948,328)	-	(2,948,328)
Appropriation of endowed assets for expenditure	-	-	-
Endowed net assets at June 30, 2019	2,462,272	383,376,663	385,838,935
Investment return:			
Net appreciation (depreciation)	(9,024)	(14,343,205)	(14,352,229)
Contributions	1,951	8,991,969	8,993,920
Funds undesignated by the Board	(1,935,292)	-	(1,935,292)
Released from restrictions	-	(354,038)	(354,038)
Appropriation of endowed assets for expenditure	(7,271)	(6,538,780)	(6,546,051)
Endowed net assets at June 30, 2020	$ 512,636	$ 371,132,609	$ 371,645,245

11. Endowed Net Assets (continued)

The composition of endowed net assets, by fund type, at June 30, 2020 and 2019, was as follows:

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	$ -	$ 371,132,609	$ 371,132,609
Board designated endowment	512,636	-	512,636
Total	$ 512,636	$ 371,132,609	$ 371,645,245

	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	$ -	$ 383,376,663	$ 383,376,663
Board designated endowment	2,462,272	-	2,462,272
Total	$ 2,462,272	$ 383,376,663	$ 385,838,935

12. Liquidity and Availability

The Foundation receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund beneficiary purposes such as faculty support, scholarships, and research. In addition, the Foundation receives support without donor restrictions; such support consists of contributions, investment income without donor restrictions, and appropriated earnings from gifts with donor restrictions.

The Foundation considers investment income without donor restrictions, earnings from donor-restricted gifts and board-designated endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs to be available to meet cash needs for expenditures. Expenditures include operating expenses, program expenses and disbursements related to funds held in custody for others.

As part of the liquidity policy, the Foundation has identified operating, financing, and market liquidity risks. Liquidity risk is mitigated in part through monitoring and reporting of the Primary Reserve Ratio, which measures the sufficiency and availability of the liquid financial resources of the Foundation by comparing expendable net assets to total expenses and disbursements related to funds held in custody. The ratio provides a snapshot of financial strength and flexibility by indicating how long the Foundation could function using its expendable net assets without relying on additional net assets generated by operations.

12. Liquidity and Availability (continued)

As part of the liquidity management plan, the Foundation will monitor the Primary Reserve Ratio to ensure it is in compliance with the internally established benchmark.

For operating and program expenses, the Foundation monitors cash and the investment of non-endowed funds using a rolling 15-month cash flow forecast, to determine availability of these funds for the Foundation's general expenditures, liabilities, and other obligations, including debt service payments, as they become due for that given time frame.

For funds held in custody, the spendable funds managed for University-related third parties are invested in the Foundation's non-endowed pool, which consists primarily of cash and cash equivalents and highly liquid fixed income securities. Ordinary expenditure of such funds is factored into a 15-month cash flow forecast. The endowed funds managed for the third parties are invested in the Foundation's endowed pools. Fund redemption request notice for the endowed pools is required to be given at least 90 days in advance. The liquidity of these investment pools is governed by the Investment Policy Statement with oversight by the Foundation's Investment Committee.

12. Liquidity and Availability (continued)

The table below presents financial assets available for general expenditures within one year at June 30, 2020:

Financial assets at year end:		
Cash and cash equivalents	$	130,913,608
Investments		495,645,567
Assets held in split-interest agreements		2,729,824
Beneficial interest in split-interest agreements		1,746,104
Accrued interest receivable		290,654
Accounts receivable, net		1,455,092
Investment in partnership		13,469,113
Unconditional promises to give, net		18,762,587
Total financial assets		665,012,549
Less amounts not available to be used within one year:		
Donor-restricted endowments		(371,132,609)
Assets held in split-interest agreements		(2,729,824)
Beneficial interest in split-interest agreements		(1,746,104)
Investment in partnership		(13,469,113)
Unconditional promises to give, net		(13,896,415)
Financial assets not available to be used within one year		(402,974,065)
Amounts unavailable to management without Board's approval:		
Board designated for continued university support		(12,851,914)
Board designated for operating reserve		(4,810,000)
Board designated for capital outlay and improvements		(566,545)
Board designated for quasi-endowment and scholarships		(512,636)
Total amounts unavailable to management without Board's approval		(18,741,095)
Total financial assets available to management for general expenditure within one year	$	243,297,389

12. **Liquidity and Availability** (continued)

The table below presents financial assets available for general expenditures within one year at June 30, 2019:

Financial assets at year end:	
Cash and cash equivalents	$ 27,096,744
Investments	584,027,892
Assets held in split-interest agreements	2,976,229
Beneficial interest in split-interest agreements	1,701,550
Investment – unsettled trade	7,443,828
Accrued interest receivable	899,178
Accounts receivable, net	1,443,277
Investment in partnership	14,043,464
Unconditional promises to give, net	15,245,824
Total financial assets	654,877,986
Less amounts not available to be used within one year:	
Donor-restricted endowments	(383,376,663)
Assets held in split-interest agreements	(2,976,229)
Beneficial interest in split-interest agreements	(1,701,550)
Investment in partnership	(14,043,464)
Unconditional promises to give, net	(9,423,643)
Financial assets not available to be used within one year	(411,521,549)
Amounts unavailable to management without Board's approval:	
Board designated for continued university support	(12,778,510)
Board designated for operating reserve	(6,766,479)
Board designated for capital outlay and improvements	(1,899,611)
Board designated for quasi-endowment and scholarships	(2,462,272)
Total amounts unavailable to management without Board's approval	(23,906,872)
Total financial assets available to management for general expenditure within one year	$ 219,449,565

13. Retirement Plan

The Foundation sponsors a 401(k) retirement plan for its employees. The Foundation's match is 6%. An employee is vested 100% upon beginning employment with the Foundation. The retirement plan requires a minimum participation age of 21. The Foundation contributed $464,472 and $495,249 to the Plan during the years ended June 30, 2020 and 2019, respectively.

14. Operating Lease

Louisiana State University ("LSU") executed a ground lease with Nicholson Gateway Project, LLC ("NGP") to develop student housing and retail space on LSU's campus. In furtherance of development, NGP subleased the property to Provident Group – Flagship Properties, LLC ("Provident"). The lease commenced in September 2016 and expires on the fortieth anniversary of the commencement date. Annual lease payments of $2 million shall be paid during year three through seven of the lease. Commencing in year 8 through the remainder of the term, the ground rent will be adjusted by actual CPI at the beginning of each year.

The Foundation Office Building, LLC entered into a ground lease agreement with the LSU Board of Supervisors in May 2015 to lease the land occupied by the LSU Foundation Center for Philanthropy. The term of the agreement is 40 years with two successive options to renew the lease for 30 and 25 years for a total of 95 consecutive years. The annual rent payments are $5,000 for the first 40 years, $7,000 for the first renewal term, and $9,000 for the second renewal term.

15. Commitments

The Foundation has contractual commitments associated with the construction, restoration, and renovation projects for certain LSU buildings. The total contract amount for these projects is $6,303,896, and the remaining commitment as of June 30, 2020, totals $3,970,040.

The Foundation also previously committed an additional $149,124,162 to various Private Equity Funds. As of June 30, 2020, the remaining commitments to these funds total $32,424,717.

16. Transactions with the University

The Foundation has certain transactions with the University in the normal course of operations. The transactions consist of reimbursement for salaries, which are processed by the University and reimbursement for certain expenses paid by the University on behalf of the Foundation, such as payments of scholarships and capital projects. The amount owed to the University at June 30, 2020 and 2019, for these types of expenses was $2,237,190 and $2,737,831, respectively and is included in accounts payable on the statements of financial positions.

17. Subsequent Events

Management evaluated subsequent events through, October 8, 2020, the date that the financial statements were available to be issued, and determined that the following matter required additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic. This pandemic has subsequently impacted the global economy, creating significant volatility and negatively disrupting financial markets. Given the continued spread of COVID-19 throughout the United States, the related impact, if any, on the Foundation's operational and financial performance will depend on evolving factors that cannot be predicted at this time.

LSU FOUNDATION

SUPPLEMENTARY INFORMATION

SELECTED NOTES FOR THE
YEAR END REPORTING PACKET
JUNE 30, 2020

REQUIRED BY THE STATE OF LOUISIANA,
DIVISION OF ADMINISTRATION,
OFFICE OF STATEWIDE REPORTING (OSRAP)

P&N
Postlethwaite & Netterville

P&N
Postlethwaite & Netterville

8550 United Plaza Blvd., Ste. 1001 – Baton Rouge, LA 70809
225-922-4600 Phone – 225-922-4611 Fax – pncpa.com

A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
LSU Foundation
Baton Rouge, Louisiana

We have audited the consolidated financial statements of the LSU Foundation, as of and for the year ended June 30, 2020, and our report thereon dated October 8, 2020, which expressed an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The Selected Notes for the Year End Reporting Packet for the year ended June 30, 2020 (from Excel template) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements but is supplementary information required by the State of Louisiana, Division of Administration, Office of Statewide Reporting and Policy (OSRAP). 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. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 8, 2020

LSU Foundation

Statement of Financial Position

		June 30, 2020
ASSETS		
Current Assets		
Cash and cash equivalents	$	16,133,582
Restricted cash and cash equivalents		114,780,026
Accrued interest receivable		290,654
Accounts receivables, net		1,455,092
Unconditional promises to give		4,866,172
Deferred charges and prepaid expenses		-
Other current assets		159,254
Total current assets		137,684,780
Noncurrent Assets		
Restricted Assets:		
Cash and cash Equivalents		-
Investments		495,645,567
Other		4,475,928
Investments		13,469,113
Unconditional promises to give		13,896,415
Capital assets, net:		
Land		781,924
Buildings and improvements		22,976,791
Machinery and equipment		4,614,064
Infrastructure		-
Intangible assets		-
Construction in progress		3,413,907
Other noncurrent assets		1,003,624
Total noncurrent assets		560,277,333
Total Assets	$	697,962,113
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$	4,401,544
Amounts held in custody for others		23,107,383
Deferred revenues		40,907
Other current liabilities		-
Current portion of long-term liabilities:		
Compensated absences		495,467
Capital lease obligations		-
Notes payable		879,634
Bonds payable		-
Other long-term liabilities		-
Total current liabilities		28,924,935
Noncurrent Liabilities		
Amounts held in custody for others		115,132,192
Compensated absences payable		-
Capital lease obligations		-
Notes payable		15,308,777
Bonds payable		-
Deferred revenues		-
Other noncurrent liabilities		1,777,595
Total noncurrent liabilities		132,218,564
Total Liabilities		161,143,499
NET ASSETS		
Without donor restrictions		43,489,935
With donor restrictions		493,328,679
Total net assets		536,818,614
Total liabilities and net assets	$	697,962,113

See independent auditors' report on supplementary information.

LSU Foundation

Statement of Net Position

	June 30, 2020
ASSETS	
Current Assets	
Cash and cash equivalents	$ 16,133,582
Restricted cash and cash equivalents	114,780,026
Receivables, net	1,455,092
Pledges receivable, net	4,866,172
Leases receivable, net	-
Due from other campuses	-
Due from Primary Government	-
Due from Federal Government	-
Inventories	70,807
Prepaid expenses and advances	88,447
Notes receivable, net	-
Other current assets	290,654
Total current assets	137,684,780
Noncurrent Assets	
Restricted Assets:	
Cash and cash Equivalents	-
Investments	495,645,567
Receivables, net	
Notes receivable	
Other restricted assets	4,475,928
Investments	13,469,113
Pledges receivable	13,896,415
Leases receivable, net	
Capital assets, net:	
Land	781,924
Buildings and improvements	22,976,791
Machinery and equipment	4,614,064
Infrastructure	-
Intangible assets	-
Construction in progress	3,413,907
Other noncurrent assets	1,003,624
Total noncurrent assets	560,277,333
Total Assets	697,962,113
Deferred outflows of resources	
Deferred amounts on debt refunding	-
OPEB-related deferred outflows of resources	-
Pension-related deferred outflows of resources	-
Total deferred outflows of resources	-
Total Assets and Deferred Outflow of Resources	**$ 697,962,113**
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	$ 4,401,544
Due to other campuses	-
Due to Federal Government	-
Amounts held in custody for others	23,107,383
Unearned revenues	40,907
Other current liabilities	-
Current portion of long-term liabilities:	
Compensated absences	495,467
Capital lease obligations	-
Notes payable	879,634
Bonds payable	-
Other long-term liabilities	-
Total current liabilities	28,924,935
Noncurrent Liabilities	
Compensated absences payable	-
Capital lease obligations	-
Notes payable	15,308,777
Bonds payable	-
OPEB liability	-
Net pension liability	-
Unearned revenues	-
Other noncurrent liabilities	116,909,787
Total noncurrent liabilities	132,218,564
Total Liabilities	161,143,499
Deferred inflows of resources	
Split interest agreements	-
OPEB-related deferred inflows of resources	-
Pension-related deferred inflows of resources	-
Total deferred inflows of resources	-
NET POSITION	
Net investment in capital assets	15,598,275
Restricted for:	
Nonexpendable	284,757,046
Expendable	208,571,633
Unrestricted	27,891,660
Total net position	536,818,614
Total liabilities, deferred inflows of resources, and net position	$ 697,962,113

See independent auditors' report on supplementary information.

LSU Foundation

Statement of Activities

	June 30, 2020
Changes in net assets without donor restrictions:	
Operating activities	
Contributions	$ 1,318,737
Investment earnings (loss), net	1,456,546
Service fees	1,331,493
Other revenues	10,555,276
Total revenue without donor restrictions	14,662,052
Net assets released from donor restrictions:	
Reclassification in net assets	-
Satisfaction of purpose restrictions	33,901,733
Total operating revenues and other support	48,563,785
Expenses:	
Amounts paid to benefit Universities for:	
Projects specified by donors	29,177,672
Projects specified by the Board of Directors	5,005,790
Other:	
Grants and contracts	-
Property operations	-
Other	-
Total program expenses	34,183,462
Supporting services:	
Salaries and benefits	4,854,170
Occupancy	180,737
Office operations	738,729
Travel	9,771
Professional services	225,323
Dues and subscriptions	14,820
Meetings and development	33,646
Depreciation	442,879
Other	-
Total supporting services	6,500,075
Fund-raising expenses	9,574,576
Total expenses	50,258,113
Excess operating revenues over expenses	$ (1,694,328)
Changes in net assets without donor restrictions:	
Nonoperating activities	
Description	$ -
Description	-
Description	-
Description	-
Description	-
Total nonoperating activities	$ -
Change in net assets without donor restrictions	**$ (1,694,328)**
Changes in net assets with donor restrictions:	
Contributions	$ 34,291,175
Investment earnings (loss), net	4,619,619
Changes in value of split interest agreements	(69,739)
Transfers	-
Other	-
Total	38,841,055
Net assets released from restrictions:	
Reclassification in net assets	-
Satisfaction of purpose restrictions	(33,901,733)
Change in net assets with donor restrictions	**$ 4,939,322**
Change in net assets	3,244,994
Net assets at beginning of year	533,573,620
Net assets at end of year	$ 536,818,614

See independent auditors' report on supplementary information.

LSU Foundation

Statement of Revenues, Expenses, and Changes in Net Position

	June 30, 2020
OPERATING REVENUES	
Student tuition and fees	$ -
Less scholarship allowances	-
Net student tuition and fees	-
Gifts received by the foundations (CU only)	29,136,655
Endowment income (component units only)	(20,956,608)
Federal appropriations	-
Federal grants and contracts	-
State and local grants and contracts	-
Nongovernmental grants and contracts	-
Sales and services of educational departments	-
Hospital income	-
Auxiliary enterprise revenues (including revenues pledged to secure debt)	-
Less scholarship allowances	-
Net auxiliary revenues	-
Other operating revenues	11,896,769
Total operating revenues	20,076,816
OPERATING EXPENSES	
Educational and general:	
Instruction	-
Research	-
Public service	-
Academic support	-
Student services	-
Institutional support	-
Operation and maintenance of plant	-
Scholarships and fellowships	-
Auxiliary enterprises	-
Hospital	-
Other operating expenses (CU only)	16,074,650
Total operating expenses	16,074,650
OPERATING INCOME (LOSS)	4,002,166
NONOPERATING REVENUES (EXPENSES)	
State appropriations	-
Gifts	-
Federal nonoperating revenues (expenses)	-
Net investment income	27,032,773
Interest expense	-
Payments to or on behalf of the university (CU only)	(34,183,462)
Other nonoperating revenues (expenses)	-
Net nonoperating revenues (expenses)	(7,150,689)
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	(3,148,523)
Capital appropriations	-
Capital gifts and grants	-
Additions to permanent endowments	6,463,256
Other additions, net	(69,739)
Transfer to/from other LSU campuses	-
CHANGE IN NET POSITION	3,244,994
Net position at beginning of year, restated	533,573,620
Net position at end of year	$ 536,818,614

See independent auditors' report on supplementary information.

1.B. Reporting Entity - Discretely Presented Component Units

Name: **LSU Foundation**
Mailing Address: 3796 Nicholson Drive
Baton Rouge, Louisiana 70802

Website: www.lsufoundation.org

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

Description The LSU Foundation is a legally separate, tax-exempt organization supporting the Louisiana State University and Agricultural and Mechanical College and the Louisiana State University Agricultural Center. The foundation is a nonprofit organization that reports under the Financial Accounting Standards Board (FASB) standards as set forth in its codification (ASC), including FASB ASC Topic 958. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundations' financial information in the System's financial report for these differences.

During the current fiscal year, distributions to or on behalf of the university for both restricted and unrestricted purposes totaled:
$ 34,183,462

See independent auditors' report on supplementary information.

2. Cash and Cash Equivalents

The LSU Foundation considers all highly-liquid investments with original maturities of three months or less to be cash equivalents. Occasionally, the LSU Foundation has deposits in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Foundation's management believes the credit risk associated with these deposits is minimal.

changes if any needed:

none

See independent auditors' report on supplementary information.

3.1 Investments - Fair Value

Types of Investment	Fair Value
Money market/certificates of deposit	$ -
Debt obligations	28,593,249
Corporate stocks, common stocks, and index mutual funds	4,254,565
Shaw Center for the Arts, LLC	13,469,113
Royalty interest	154,084
Mutual funds	139,850,473
LSU Foundation investment pool	-
Charitable gift annuity	-
Short-term investments	-
Private equity	73,268,784
Hedge funds	196,692,216
Venture capital	-
Group variable annuity	-
Municipal bonds	7,077,914
Commingled funds	-
Structured investments	-
Separately managed accounts	45,754,282
Agency investments for LSUHSC Shreveport	-
Other: (please describe below)	-
	-
	-
	-
	-
	-
	$ 509,114,680

See independent auditors' report on supplementary information.

5. Capital Assets

	Balance 6/30/2019	Prior Period Adjustment	Restated Balance 6/30/2019	Additions	Transfers	Retirements	Balance 6/30/2020
Capital assets not being depreciated:							
Land	$ 781,924	$ -	$ 781,924	$ -	$ -	$ -	$ 781,924
Capitalized collections	4,218,976	-	4,218,976	-	-	-	4,218,976
Construction in progress	374,100	-	374,100	3,253,547	(213,740)	-	3,413,907
Total capital assets not being depreciated	$ 5,375,000	$ -	$ 5,375,000	$ 3,253,547	$ (213,740)	$ -	$ 8,414,807
Other capital assets:							
Infrastructure	-	-	-	-	-	-	-
Less accumulated depreciation	-	-	-	-	-	-	-
Total infrastructure	-	-	-	-	-	-	-
Land improvements	2,372,634	-	2,372,634	-	-	-	2,372,634
Less accumulated depreciation	(86,997)	-	(86,997)	(94,908)	-	-	(181,905)
Total land improvements	2,285,637	-	2,285,637	(94,908)	-	-	2,190,729
Buildings	19,712,794	-	19,712,794	3,271,572	213,740	-	23,198,106
Less accumulated depreciation	(1,589,972)	-	(1,589,972)	(822,072)	-	-	(2,412,044)
Total buildings	18,122,822	-	18,122,822	2,449,500	213,740	-	20,786,062
Equipment (including library books)	2,631,928	-	2,631,928	-	-	(136,339)	2,495,589
Less accumulated depreciation	(1,873,502)	-	(1,873,502)	(279,840)	-	52,841	(2,100,501)
Total equipment	758,426	-	758,426	(279,840)	-	(83,498)	395,088
Software (internally generated and purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
Less accumulated amortization - software	-	-	-	-	-	-	-
Less accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-
Total other capital assets	$ 21,166,885	$ -	$ 21,166,885	$ 2,074,752	$ 213,740	$ (83,498)	$ 23,371,879
Capital asset summary:							
Capital assets not being depreciated	$ 5,375,000	$ -	$ 5,375,000	$ 3,253,547	$ (213,740)	$ -	$ 8,414,807
Other capital assets, at cost	24,717,356	-	24,717,356	3,271,572	213,740	(136,339)	28,066,329
Total cost of capital assets	30,092,356	-	30,092,356	6,525,119	-	(136,339)	36,481,136
Less accumulated depreciation and amortization	(3,550,471)	-	(3,550,471)	(1,196,820)	-	52,841	(4,694,450)
Capital assets, net	$ 26,541,885	$ -	$ 26,541,885	$ 5,328,299	$ -	$ (83,498)	$ 31,786,686

See independent auditors' report on supplementary information.

11. Operating Leases

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

The Foundation Office Building, LLC entered into a ground lease agreement with the LSU Board of Supervisors in May 2015 to lease the land occupied by the LSU Foundation Center for Philanthropy. The term of the agreement is 40 years with two successive options to renew the lease for 30 and 25 years for a total of 95 consecutive years. The annual rent payments are $5,000 for the first 40 years, $7,000 for the first renewal term, and $9,000 for the second renewal term.

Louisiana State University ("LSU") executed a ground lease with Nicholson Gateway Project, LLC ("NGP", wholly owned subsidiary of the LSU Foundation) to develop student housing and retail space on LSU's campus. In furtherance of development, NGP subleased the property to Provident Group – Flagship Properties, LLC ("Provident"). The lease commenced in September 2016 and expires on the fortieth anniversary of the commencement date. Annual lease payments of $2 million shall be paid during year three through seven of the lease. Commencing in year eight through the remainder of the term, the ground rent will be adjusted by actual CPI at the beginning of each year.

no changes

See independent auditors' report on supplementary information.

13.1 Notes Payable

	Date of Issue	Original Issue	Outstanding July 1, 2019	Issued/ (Retired)	Outstanding June 30, 2020	Maturities	Interest Rates	Future Interest Payments
Foundation Office Building	November 8, 2016	$ 3,250,000	$ 869,433	$ (25,923)	$ 843,510	2041	3.50%	$ 171,387
Nicholson Gateway Project	March 28, 2018	$ 2,430,000	$ 2,357,100	$ (102,147)	$ 2,254,953	2028	4.61%	$ 683,974
Bengal Village Project	February 8, 2019	$ 6,650,711	$ 6,541,488	$ (134,420)	$ 6,407,068	2023	5.50%	$ 1,121,225
Paycheck Protection Program Loan	April 7, 2020	$ 1,382,880	$ -	$ 1,382,880	$ 1,382,880	2022	0.98%	$ 131,731
Pilots Pointe Project	March 25, 2020	$ 5,300,000	$ -	$ 5,300,000	$ 5,300,000	2027	2.40%	$ 739,627
Grand Total		19,013,591	9,768,021	6,420,390	16,188,411			2,847,944

See independent auditors' report on supplementary information.

13.1A Notes Payable Amortization

Schedule of Notes Payable Amortization
For the Year Ended June 30, **2020**

Fiscal year ending June 30,	Principal	Interest	Total
2021	879,634	663,726	$ 1,543,360
2022	1,481,255	675,227	2,156,482
2023	502,937	574,805	1,077,742
2024	6,311,084	310,602	6,621,686
2025	348,846	215,317	564,163
2026	349,958	204,289	554,247
2027	4,740,144	149,690	4,889,834
2028	97,200	54,288	151,488
2029	1,477,353	-	1,477,353
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
2050	-	-	-
	$ 16,188,411	$ 2,847,944	$ 19,036,355

Summary	Principal	Interest	Total
2021	$ 879,634	$ 663,726	$ 1,543,360
2022	1,481,255	675,227	2,156,482
2023	502,937	574,805	1,077,742
2024	6,311,084	310,602	6,621,686
2025	348,846	215,317	564,163
2026 - 2030	6,664,655	408,267	7,072,922
2031 - 2035	-	-	-
2036 - 2040	-	-	-
2041 - 2045	-	-	-
2046 - 2050	-	-	-
	$ 16,188,411	$ 2,847,944	$ 19,036,355

See independent auditors' report on supplementary information.

13.2 Bonds Payable

	Date of Issue	Original Issue	Outstanding July 1, 2019	Issued/ (Retired)	Outstanding June 30, 2020	Maturities	Interest Rates	Future Interest Payments
description	date	$ -	$ -	$ -	$ -	year	int rate	$ -
description	date	$ -	$ -	$ -	$ -	year	int rate	$ -
description	date	$ -	$ -	$ -	$ -	year	int rate	$ -
description	date	-	-	-	-	year	int rate	-
Grand Total		-	-	-	-			-
Deferred Financing Costs		-	-	-	-			
		-	-	-	-			

none

See independent auditors' report on supplementary information.

13.2A Bonds Payable Amortization

Schedule of Bonds Payable Amortization
For the Year Ended June 30, 2020

Fiscal year ending June 30,	Principle	Interest	Total
2021	$ -	$ -	$ -
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031	-	-	-
2032	-	-	-
2033	-	-	-
2034	-	-	-
2035	-	-	-
2036	-	-	-
2037	-	-	-
2038	-	-	-
2039	-	-	-
2040	-	-	-
2041	-	-	-
2042	-	-	-
2043	-	-	-
2044	-	-	-
2045	-	-	-
2046	-	-	-
2047	-	-	-
2048	-	-	-
2049	-	-	-
2050	-	-	-
Subtotal	-	-	-
Unamortized discount	-	-	-
Unamortized premium	-	-	-
Deferred Financing Costs	-	-	-
	$ -	$ -	$ -

Summary	Principle	Interest	Total
2021	$ -	$ -	$ -
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026 - 2030	-	-	-
2031 - 2035	-	-	-
2036 - 2040	-	-	-
2041 - 2045	-	-	-
2046 - 2050	-	-	-
Subtotal	-	-	-
Deferred Financing Costs	-	-	-
	-	-	-
	$ -	$ -	$ -

See independent auditors' report on supplementary information.

16. Restatement of Net Position

	Prior year Ending Net Position	533,573,620
	Items identified during current fiscal year requiring a restatement:	
	Please provide a full explanation for each prior year restatement:	
1	None	-
2		-
3		-
4		-
5		
6		
7		
8		
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10		
	Beginning fund balance, as restated	533,573,620

See independent auditors' report on supplementary information.

23. Unconditional Promises to Give - Component Units

Promises to give expected to be collected in:		
Less than one year	$	5,379,403
One to five years		12,305,763
More than five years		3,474,204
Subtotal		21,159,370
Less discount on promises to give		(1,883,552)
Less allowance for uncollectible accounts		(513,231)
		(2,396,783)
Net unconditional promises to give	$	18,762,587

See independent auditors' report on supplementary information.