LOUISIANA NATIONAL GUARD FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

P&N
Postlethwaite & Netterville
A Professional Accounting Corporation
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A Professional Accounting Corporation

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Louisiana National Guard Foundation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Louisiana National Guard Foundation (the "Organization") (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years ended June 30, 2020 and 2019, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 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 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 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the 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 Organization'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 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 above present fairly, in all material respects, the financial position of the Louisiana National Guard Foundation as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years ended June 30, 2020 and 2019 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 accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
December 18, 2020

LOUISIANA NATIONAL GUARD FOUNDATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
Cash	$ 330,889	$ 297,798
Cash, restricted (see Note 7)	71,412	306,188
Accounts receivable, net	39,095	11,194
Prepaid expenses	9,320	3,217
Other assets	29,877	35,795
Accrued interest	12,832	13,874
Investments	2,072,822	1,815,256
Note receivable	100,000	100,000
Property and equipment - net	37,341	13,479
Burn System Receivable, net (see Note 7)	2,275,320	2,247,334
Total assets	$ 4,978,908	$ 4,844,135

LIABILITIES AND NET ASSETS

	2020	2019
Accounts payable	$ 22,029	$ 44,576
Grants payable	48,247	-
Accrued expense	11,355	17,924
Funds held in escrow	71,412	306,188
Deferred revenue	47,595	51,000
Total liabilities	200,638	419,688
Net assets without donor restrictions	1,566,898	1,224,479
Net assets with donor restrictions	3,211,372	3,199,968
Total net assets	4,778,270	4,424,447
Total liabilities and net assets	$ 4,978,908	$ 4,844,135

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

LOUISIANA NATIONAL GUARD FOUNDATION

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

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Billeting	$ 652,614	$ -	$ 652,614
Contributions, net	37,516	52,276	89,792
Other revenue	73,320	27,655	100,975
Lease revenue	562,249	-	562,249
Investment income, net	10,624	-	10,624
Net assets released from restriction	68,527	(68,527)	-
Total revenues and support	1,404,850	11,404	1,416,254
EXPENSES			
Program services	886,332	-	886,332
Management and general	176,099	-	176,099
Total expenses	1,062,431	-	1,062,431
Change in net assets	342,419	11,404	353,823
NET ASSETS AT BEGINNING OF THE YEAR	1,224,479	3,199,968	4,424,447
NET ASSETS AT END OF THE YEAR	$ 1,566,898	$ 3,211,372	$ 4,778,270

The accompanying notes are an integral part of this consolidated financial statement.

LOUISIANA NATIONAL GUARD FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Billeting	$ 727,148	$ -	$ 727,148
Contributions, net	29,673	2,511,707	2,541,380
Other revenue	127,330	79,425	206,755
Fundraising event revenue, net of related expense of $15,371	(6,114)		(6,114)
Lease revenue	449,469	-	449,469
Investment income, net	23,324	-	23,324
Net assets released from restriction	158,335	(158,335)	-
Total revenues and support	1,509,165	2,432,797	3,941,962
EXPENSES			
Program services	1,114,836	-	1,114,836
Management and general	403,853	-	403,853
Total expenses	1,518,689	-	1,518,689
Change in net assets	(9,524)	2,432,797	2,423,273
NET ASSETS AT BEGINNING OF THE YEAR	1,234,003	767,171	2,001,174
NET ASSETS AT END OF THE YEAR	$ 1,224,479	$ 3,199,968	$ 4,424,447

The accompanying notes are an integral part of this consolidated financial statement.

LOUISIANA NATIONAL GUARD FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services Management & General	Total Expenses
Expenses			
Grants	$ 308,828	$ -	$ 308,828
Legal	136,482	28,880	165,362
Cleaning supplies and service	206,184	-	206,184
Professional fees	-	120,158	120,158
Surcharge	29,392	-	29,392
Program services and supplies	42,084	-	42,084
Utilities	50,920	-	50,920
Bank and credit card fees	20,384	552	20,936
Other	14,994	3,070	18,064
Morale, welfare, and recreation	14,050	-	14,050
Software	13,467	1,514	14,981
Office supplies	11,539	687	12,226
Scholarships	11,476	-	11,476
Auto expense	-	6,781	6,781
Mentor training	4,133	-	4,133
Advertising	12,493	-	12,493
Repairs and maintenance	4,320	-	4,320
Board expense	-	12,943	12,943
Depreciation	5,392	-	5,392
Insurance	-	1,514	1,514
Memorial brick expense	76	-	76
Staff development	118	-	118
Total expenses by function	886,332	176,099	1,062,431
Less expenses included with revenues on the statement of activities	-	-	-
Total expenses included in the expense section on the statement of activities	$ 886,332	$ 176,099	$ 1,062,431

The accompanying notes are an integral part of this consolidated financial statement.

LOUISIANA NATIONAL GUARD FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services: Management & General	Supporting Services: Fundraising	Total Expenses
Expenses				
Grants	$ 541,961	$ -	$ -	$ 541,961
Legal	58,057	229,614	-	287,671
Cleaning supplies and service	273,354	-	-	273,354
Professional fees	-	149,888	-	149,888
Surcharge	47,611	-	-	47,611
Program services and supplies	46,104	-	-	46,104
Utilities	44,445	-	-	44,445
Bank and credit card fees	26,048	-	-	26,048
Other	22,074	2,943	-	25,017
Special event	-	-	15,371	15,371
Morale, welfare, and recreation	14,823	-	-	14,823
Software	10,044	1,265	-	11,309
Office supplies	4,301	5,212	-	9,513
Scholarships	8,500	-	-	8,500
Auto expense	-	7,594	-	7,594
Mentor training	7,241	-	-	7,241
Advertising	6,230	-	-	6,230
Repairs and maintenance	3,785	-	-	3,785
Board expense	-	3,725	-	3,725
Depreciation	-	2,696	-	2,696
Insurance	-	916	-	916
Memorial brick expense	178	-	-	178
Staff development	80	-	-	80
Total expenses by function	1,114,836	403,853	15,371	1,534,060
Less expenses included with revenues on the statement of activities	-	-	(15,371)	(15,371)
Total expenses included in the expense section on the statement of activities	$ 1,114,836	$ 403,853	$ -	$ 1,518,689

The accompanying notes are an integral part of this consolidated financial statement.

LOUISIANA NATIONAL GUARD FOUNDATION

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 353,823	$ 2,423,273
Adjustments to reconcile change in net assets		
Depreciation	5,392	2,696
Realized and unrealized loss on investments	37,387	-
Notes receivable	-	(100,000)
Change in discount on Burn System Receivable	(27,986)	1,064,590
Changes in operating assets and liabilities:		
Accounts receivable	(27,901)	(9,441)
Prepaid expenses	(6,103)	(2,145)
Other assets	5,918	(30,328)
Accrued interest	1,042	(13,874)
Burn System Receivable	-	(3,311,924)
Accounts payable	(22,547)	(4,835)
Grant payable	48,247	-
Accrued expenses	(6,569)	12,589
Deferred revenue	(3,405)	21,900
Net cash provided by operating activities	357,298	52,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(294,953)	(1,815,256)
Purchases of property and equipment	(29,254)	(16,175)
Escrow payable	(234,776)	306,188
Net cash used in by investing activities	(558,983)	(1,525,243)
Net decrease in cash and restricted cash	(201,685)	(1,472,742)
Cash and restricted cash at beginning of year	603,986	2,076,728
Cash and restricted cash at end of year	$ 402,301	$ 603,986
RECONCILIATION OF CASH:		
Cash	$ 330,889	$ 297,798
Restricted cash	71,412	306,188
Total cash and restricted cash	$ 402,301	$ 603,986

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

LOUISIANA NATIONAL GUARD FOUNDATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

The Louisiana National Guard Foundation (the "Organization") is a 501(c)(3) non-profit corporation incorporated on November 15, 2016 under the laws of the State of Louisiana. The mission of the Organization and its wholly owned subsidiaries (LANG Foundation – Camp Minden, LLC, LANG Foundation – Camp Minden Rail, LLC, LANG Foundation – Solar Power, LLC, and LANG Foundation – Family Resiliency and Social Welfare, LLC, LANGF Foundation – Range Program, LLC) (collectively, "the Organization") is to exclusively support the educational programs and the museums of the Louisiana National Guard as well as the Louisiana National Guard's mission, its members, veterans and their families.

In order to increase The Military Department of Louisiana's ("LMD") capabilities to accomplish its mission, LMD has a Billeting Program (the Program) for transient housing for soldiers, airmen, employees and other first responders at its major installations (Camp Beauregard, Camp Minden, Jackson Barracks, and the Gillis W. Long Center). In February of 2017, the LMD and the Organization entered into a cooperative endeavor agreement to operate and maintain the Program.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Louisiana National Guard Foundation and its wholly owned subsidiaries (LANG Foundation – Camp Minden, LLC, LANG Foundation - Camp Minden Rail, LLC, LANG Foundation – Solar Power, LLC, LANG Foundation – Family Resiliency and Social Welfare, LLC, and LANGF Foundation – Range Program, LLC). All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). US GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Donor restricted contributions are reported as increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less, excluding those to be held for long term purposes, to be cash equivalents. Cash equivalents set aside for long term purposes at June 30, 2020 and 2019 were $847,617 and $103,256, respectively, and are included in investments in the consolidated statements of financial position.

Accounts and Note Receivable

Accounts receivable and note receivable are recorded at their outstanding balance, net of any allowance for doubtful accounts, if determined necessary.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments, with the exception of certificates of deposit and money market accounts, are reported at their fair value in the consolidated statement of financial position, and changes in their fair value are reported as investment income net in the consolidated statement of activities. Unrealized and realized gains and losses are a component of investment income, net, and as such are included in the change in net assets.

Revenue Recognition

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized until the condition on which they depend has been substantially met. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor restrictions.

The Organization recognizes billeting revenue at the time the service is performed.

1. Summary of Significant Accounting Policies (continued)

Contributed Services

Members of the Organization's board of directors have made significant contributions of their time to assist in the Organization's operations and related charitable programs. In accordance with US GAAP, the value of this contributed time is not recorded in these consolidated financial statements as it does not meet the criteria for recognition.

Concentration of credit risk

The Organization maintains its cash in bank deposit accounts at several financial institutions. The balances, at times, may exceed federally insured limits. The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and are reconciled to the natural classifications in the consolidated statements of functional expenses. The majority of direct costs are charged directly to the appropriate program or functional area. Certain costs which benefit more than one functional area have been allocated among the Organization's programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Legal expenses, office supplies, software, and other expenses have been allocated based on time and effort.

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

Use of Estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

1. Summary of Significant Accounting Policies (continued)

Accounting Changes

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08 Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities 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. This ASU was applied on the modified prospective basis for the Organization's year ended June 30, 2020 with no significant change to the basis of presentation and disclosure.

Recent Accounting Pronouncements Not Yet Adopted

In September 2014, the FASB issued ASU No. 2014-09, (Topic 606), *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles 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 standard may be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. This ASU will be effective for the Organization's year ended June 30, 2021.

In September 2020, the FASB issued ASU 2020-07 Topic 958, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The FASB ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021.

In February 2016, the FASB issued ASU 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, to simplify the lease standard's implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years' results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard will be effective for the Organization's fiscal year ending June 30, 2023.

The Organization believes there will be no material impact on consolidated total net assets upon adoption of these ASUs.

2. Liquidity and Availability

The following represents the Organization's financial assets and those available to meet general expenditures within twelve months as of June 30.

Financial assets at year end:	2020	2019
Cash	$ 402,301	$ 603,986
Accounts receivable	39,095	11,194
Note receivable	100,000	100,000
Accrued interest	12,832	13,874
Investments	2,072,822	1,815,256
Receivable - Burn System, net	2,275,320	2,247,334
Total financial assets	4,902,370	4,791,644
Less amounts not available to be used within twelve months:		
Cash, restricted	71,412	306,188
Investments with maturities greater than twelve months	200,000	245,000
Net assets with donor restrictions	3,211,372	3,199,968
	3,482,784	3,751,156
Financial assets available to meet general expenditures over the next twelve months	$ 1,419,586	$ 1,040,488

The Organization's liquidity management plan includes adopting a balanced operating budget and maintaining operating reserves equal to $287,000 or approximately 25% of annual operating expenses. The Organization invests excess cash in money market accounts, certificates of deposit and other marketable securities.

3. Note Receivable

In conjunction with the Burn System, see Note 7, the Organization received a note receivable with a face amount of $100,000 bearing interest at 6%. The note is to be paid to the Organization in full with accrued interest in March 2021.

4. Investments

Investments consisted of the following at June 30:

	2020	2019
Money market funds	$ 847,617	$ 103,256
Certificates of deposit	862,500	1,712,000
Exchange-traded products	362,705	-
	$ 2,072,822	$ 1,815,256

5. Fair Value Measurements and Disclosures

FASB ASC 820, *Fair Value Measurements and Disclosures,* defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments.

FASB ASC 820 establishes a fair value hierarchy which prioritizes inputs to valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based in independent market data ("observable inputs") or they may be internally developed ("unobservable inputs"). The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad categories. The asset's 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 the unobservable inputs.

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Foundation's assessment of the quality, risk, or liquidity profile of the asset or liability. There have been no changes in the methodologies used during the years ended June 30, 2020 and 2019.

The Organization's measurements of fair value are made on a recurring basis, and its valuation techniques for assets and liabilities recorded at fair value are as follows:

Exchange traded funds: The fair value of these instruments are valued at quoted market prices of the same investment in an open market. These instruments are considered to be Level 1 type investments within the fair value hierarchy.

5. Fair Value Measurements and Disclosures (continued)

The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

6. Rail Car Storage and Lease Revenue

During September and October of 2017, the Organization, through the creation of subsidiary special purpose entities, LANG Foundation – Camp Minden, LLC, and LANG Foundation Camp Minden Rail, LLC, entered into two cooperative endeavor agreements (CEA) with the LMD to operate as the master subtenant that will sublease a rail line and a ground lease to private entities. The proceeds generated by these leases are to be spent in accordance with instructions provided by the Adjutant General (TAG) or directly forwarded to TAG within twelve months of the Organization's fiscal year end.

During the years ended June 30, 2020 and 2019, the Organization earned $378,000 and $378,000, respectively, related to these two CEAs.

Minimum lease payments to be received under these agreements are as follows at June 30, 2020:

2021	$ 379,785
2022	378,000
2023	378,000
2024	378,000
2025	378,000
Thereafter	1,291,500
	$ 3,183,285

7. Burn System

In response to a need to safely dispose of surplus military munitions stored at Camp Minden, Louisiana, LMD constructed a contained burn chamber (the Burn System) for the destruction of the munitions.

LMD and LANG – Camp Minden, LLC entered into a cooperative endeavor agreement in April 2018 to remediate, clean, and disassemble the Burn System and relocate the Burn System to a temporary location on Camp Minden, and after a period not to exceed one year after the transfer closing requirements are met, to relocate the Burn System outside the state of Louisiana. The CEA was updated in March 2019.

7. **Burn System (continued)**

In return for assistance with certain tasks and consideration, on March 22, 2019 LMD conveyed all of its rights, title and interest in the cleaned Burn System to the Organization after relocation to the temporary storage site and the completion of the EPA requirements. Immediately upon receipt of the interest in the Burn System, the Organization conveyed all of it rights in and obligations related to the asset to a third party for consideration totaling $3,586,924. The Act of Sale and an Assignment and Assumption Agreement were executed on March 22, 2019.

The Organization also received cash totaling $83,000 and a note receivable in the amount of $100,000, due on March 22, 2021 (the "Maturity Date).

	2020	2019
Within one year	$ 15,000	$ -
One to five years	220,000	180,000
Thereafter	3,151,924	3,206,924
	3,386,924	3,386,924
Less unamortized discount to net present value at rate of 3%	(1,036,604)	(1,064,590)
Less allowance for doubtful accounts	(75,000)	(75,000)
	$ 2,275,320	$ 2,247,334

The Organization had cash in an escrow account totaling $71,412 and $306,188 as of June 30, 2020 and 2019, respectively, to be used solely to satisfy obligations connected to the Burn System dismantling and relocation.

The CEA stated that the proceeds from the sale of the Burn System were to be restricted for the establishment of the Louisiana National Guard Relief Fund to be established by the Organization. Based on this, the contribution was reflected as a donor restricted contribution in accordance with US GAAP.

8. **Restricted Assets**

Net assets with donor restrictions are available for the following as of June 30, 2020 and 2019:

	2020	2019
Friends of the Louisiana National Guard Museum (purpose)	$ 141,138	$ 135,655
Youth Challenge Program and Military Education Training Enhancement Program (purpose)	605,533	598,373
LANG Emergency Relief Fund (time and purpose)	2,464,701	2,465,940
	$ 3,211,372	$ 3,199,968

9. Coronavirus Pandemic (COVID-19)

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Foundation's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Foundation's donors and vendors, all of which are uncertain and cannot be predicted.

10. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 18, 2020, and determined that there were no items for disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

LOUISIANA NATIONAL GUARD FOUNDATION

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

YEAR ENDED JUNE 30, 2020

Agency Head Name: Michael Niclosi, Executive Director

Purpose	**Amount**
Salary (Contract Payments)	$82,500
Benefits-insurance	n/a
Benefits-retirement	n/a
Benefits	n/a
Car allowance	n/a
Vehicle provided by government	n/a
Per diem	n/a
Reimbursements	n/a
Travel (mileage)	$7,801
Registration fees	n/a
Conference travel	n/a
Continuing professional education fees	n/a
Housing	n/a
Unvouchered expenses	n/a
Special meals	n/a

See Independent Auditors' Report.

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Postlethwaite & Netterville

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A Professional Accounting Corporation

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*

To the Board of Directors
Louisiana National Guard Foundation

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 Louisiana National Guard Foundation (the Organization), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatements, 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

Metairie, Louisiana
December 18, 2020