

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Southern University System Foundation
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Southern University System Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern University System Foundation as of December 31, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Southern University System Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Southern University System Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern University System Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of financial position, schedule of revenues, gains, and support, schedule of functional expenses, schedule of capital assets, schedule of bonds payable, and schedule of bonds payable amortization are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The 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.

Bruno & Tervalon, LLP

New Orleans, LA
August 1, 2022

BASIC FINANCIAL STATEMENTS

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

**STATEMENT OF FINANCIAL POSITION
(CONSOLIDATED)**

For the Year Ended December 31, 2021

ASSETS

Current Assets:

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 1,757,354 |
| Prepaid expenses | 780,987 |
| Pledges receivable, net | 2,076,780 |
| Other receivables | 215,965 |
| | <u>4,831,086</u> |

Total Current Assets 4,831,086

Property, Plant, and Equipment:

| | |
|-------------------------------------|------------------|
| Property, plant, and equipment, net | <u>8,037,567</u> |
|-------------------------------------|------------------|

Total Property, Plant, and Equipment 8,037,567

Other Assets:

| | |
|------------------------------|-------------------|
| Amortization of intangibles | 4,464 |
| Restricted assets: | |
| Restricted cash | 4,349,893 |
| Investments | 21,573,229 |
| Capitalized lease receivable | <u>20,496,664</u> |

Total Other Assets 46,424,250

TOTAL ASSETS \$ 59,292,903

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

**STATEMENT OF FINANCIAL POSITION
(CONSOLIDATED)**

For the Year Ended December 31, 2021

LIABILITIES

Current Liabilities:

| | |
|--|----------------|
| Accounts payable | \$ 476,283 |
| Accrued expenses and other liabilities | 449,413 |
| Amounts held in custody for others | 14,180,317 |
| Deferred revenue | 61,385 |
| Loans payable | 809,595 |
| Bonds payable | <u>868,336</u> |

Total Current Liabilities 16,845,329

Non-current Liabilities:

| | |
|--------------------|-------------------|
| Loans payable | 4,592,201 |
| Rental deposits | 3,708 |
| Bonds payable, net | <u>20,480,554</u> |

Total Non-current Liabilities 25,076,463

Total Liabilities 41,921,792

NET ASSETS

| | |
|----------------------------|-------------------|
| Without donor restrictions | 6,096,782 |
| With donor restrictions | <u>11,274,329</u> |

Total Net Assets 17,371,111

TOTAL LIABILITIES AND NET ASSETS \$ 59,292,903

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

**STATEMENT OF ACTIVITIES
(CONSOLIDATED)**

For the Year Ended December 31, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------|
| Revenues, Gains and Other Support | | | |
| Contributions and other support | \$ 6,437,504 | \$ 3,835,101 | \$ 10,272,605 |
| Rental income | 971,833 | 76,984 | 1,048,817 |
| Bayou Classic Revenue | - | 657,119 | 657,119 |
| Athletic sponsorships and support | 151,667 | 34,733 | 186,400 |
| Total Revenues and Support | 7,561,004 | 4,603,937 | 12,164,941 |
| | | | |
| Administration fees | 473,788 | - | 473,788 |
| Donor fees and registration | 131,473 | 142,961 | 274,434 |
| Interest and dividends, net of fees | 859 | 123,412 | 124,271 |
| Net realized gain (loss) | - | 86,130 | 86,130 |
| Net unrealized gain (loss) | - | 500,330 | 500,330 |
| Total Other Revenues and Gains | 606,120 | 852,833 | 1,458,953 |
| | | | |
| Net Assets Released from Restriction | 2,458,102 | (2,458,102) | - |
| | | | |
| Total revenues, gains, and support | 10,625,226 | 2,998,668 | 13,623,894 |
| | | | |
| Expenses | | | |
| Program services | 4,154,037 | - | 4,154,037 |
| Management and general | 3,698,833 | - | 3,698,833 |
| Fundraising | 414,552 | - | 414,552 |
| | | | |
| Total Expenses | 8,267,422 | - | 8,267,422 |
| | | | |
| Change in Net Assets | 2,357,804 | 2,998,668 | 5,356,472 |
| | | | |
| Beginning Net Assets | 3,738,978 | 8,275,661 | 12,014,639 |
| | | | |
| Ending Net Assets | \$ 6,096,782 | \$ 11,274,329 | \$ 17,371,111 |

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES
(CONSOLIDATED)**

For the Year Ended December 31, 2021

| | Program Services | Supporting Services | | Total |
|--|-----------------------------|-------------------------------------|--------------------|------------------|
| | | Management & General | Fundraising | |
| Administrative cost - fees | \$ 289,824 | \$ - | \$ - | \$ 289,824 |
| Advertising and promotion | 21,783 | 197,624 | - | 219,407 |
| Bad debt expense | 640 | - | - | 640 |
| Bank fees and loan costs | 4,000 | 68,028 | - | 72,028 |
| Bayou Classic expense | - | - | 414,552 | 414,552 |
| Bond interest expense | 918,325 | - | - | 918,325 |
| Capital enhancement project | 191,997 | - | - | 191,997 |
| Computer, equipment lease, and other rentals | 15,962 | 4,783 | - | 20,745 |
| Conferences & meetings | 89,302 | 16,313 | - | 105,615 |
| Contributed services | - | 289,360 | - | 289,360 |
| Cultivation/recognition | 55,275 | 23,573 | - | 78,848 |
| Depreciation | - | 293,519 | - | 293,519 |
| Equipment and resource materials | 97,708 | - | - | 97,708 |
| Faculty/staff development | 40,405 | 3,599 | - | 44,004 |
| Foundation security | 5,500 | 3,486 | - | 8,986 |
| Insurance | 72,764 | 32,945 | - | 105,709 |
| Information technology maintenance | 159,459 | 33,167 | - | 192,626 |
| Interest expenses | 195,776 | - | - | 195,776 |
| Maintenance | 82,611 | 83,045 | - | 165,656 |
| Materials and supplies | 172,477 | 74,739 | - | 247,216 |
| Membership dues & subscriptions | 32,158 | 11,083 | - | 43,241 |
| Postage and mailing | 10,156 | 2,135 | - | 12,291 |
| Printing and publication | 39,488 | 6,816 | - | 46,304 |
| Professional fees and contracts | 541,545 | 637,361 | - | 1,178,906 |
| Property taxes | 1,117 | - | - | 1,117 |
| Public/community support | 217,747 | 62,470 | - | 280,217 |
| Retirement contribution | - | 7,900 | - | 7,900 |
| Salaries & related expenses | 365,999 | 29,003 | - | 395,002 |
| Scholarship and educational assistance | 25,750 | 906,671 | - | 932,421 |
| Telecommunications | 10,910 | - | - | 10,910 |
| Travel and transportation | 129,706 | 11,371 | - | 141,077 |
| University events and programs | 321,336 | 899,842 | - | 1,221,178 |
| Utilities cost | 44,317 | - | - | 44,317 |
| Total | 4,154,037 | 3,698,833 | 414,552 | 8,267,422 |

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

Cash Flows from Operating Activities:

| | |
|---|------------------|
| Change in net assets | \$ 5,356,472 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities: | |
| Depreciation | 293,519 |
| (Increase) decrease in: | |
| Pledges receivable | 323,564 |
| Prepaid expenses | 178,909 |
| Other receivables | (160,268) |
| Capital lease receivable | 731,664 |
| Increase (decrease) in: | |
| Accounts payable | 352,259 |
| Accrued expenses | (19,500) |
| Amounts held in custody for others | (987,522) |
| Rental deposit | (706) |
| Net Cash (Used) Provided by Operating Activities | <u>6,068,391</u> |

Cash Flows from Investing Activities

| | |
|--|----------------|
| Purchases of investments | (4,038,511) |
| Purchases of property and equipment | <u>292,519</u> |
| Net Cash (Used) Provided by Investing Activities | (3,745,992) |

Cash Flows from Financing Activities

| | |
|--|------------------|
| Proceeds from debt borrowings | 15,963 |
| Repayments of debt borrowings | <u>(384,937)</u> |
| Net Cash (Used) Provided by Financing Activities | (368,974) |

Net Increase (Decrease) in Cash and Cash Equivalents 1,953,425

Cash and Cash Equivalents, beginning of year 4,153,822

(including restricted cash)

Cash and Cash Equivalents, end of year \$ 6,107,247

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

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

Note 1 – Nature of Activities and Significant Accounting Policies

Organization and Purpose

The Foundation is a non-profit corporation organized to promote the educational and cultural welfare of the Southern University and Agricultural and Mechanical College System, and to develop, expand, and improve the System's facilities.

The consolidated financial statements of the Foundation include:

- The Foundation as described above; and
- Millennium Housing, LLC (Millennium) a non-profit corporation organized under the laws of the State of Louisiana and owned by the Foundation. Millennium was formed to develop facilities and other auxiliary capital projects for the Southern University System.

Throughout the notes to the consolidated financial statements the Foundation and Millennium will be collectively referred to as the Foundation. The financial statements of the Foundation and Millennium have been consolidated as they are under common management.

The Foundation has entered into an agreement with the Southern University at Baton Rouge campus to jointly promote the ancillary activities of the Bayou Classic with a representative organization from Grambling State University. The promoters share joint revenues and expenses equally. The promoters engaged the services of a third-party event manager to handle game management as well as sponsor solicitation. The event manager collects events proceeds and incurs expenses on behalf of the promoters and remits the net proceeds to the Foundation.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Assets

The Foundation's resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statement of Not-for-Profit Entities. Under the ASU 2016-14, the Foundation is required to report only two classes of net assets: "net assets without donor restrictions" and "net assets with donor restrictions."

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued) For the Year Ended December 31, 2021

Net Assets without Donor Restrictions – are available for use at the discretion of the Board of Trustees (the Board) and /or management for general operating purposes.

Net Assets with Donor Restrictions – are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment returns available for operations.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Cash and Cash Equivalents

For accounting and reporting purposes, cash and cash equivalents include cash on hand, demand deposits, and all highly liquid investments with original maturities of three months or less. However, cash and cash equivalents that are required by donors to be maintained permanently are classified with endowment investments.

Restricted Assets

Cash and cash equivalents, and investments that are held on behalf of the Southern University System are classified as restricted assets in the statement of financial position along with assets held by the Bond Trustee on behalf of the Millennium Housing, LLC for the construction projects.

Fixed Assets

Fixed assets of the Foundation are recorded as assets and are stated at historical cost if purchased or at fair value at the date of the gift, if donated. The Foundation utilizes the straight-line method of depreciation over the estimated useful life of the asset. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. The Foundation follows the practice of capitalizing all fixed asset purchases that exceed \$1,000.

The useful lives of the Foundation's assets are estimated as follows:

| <u>Description</u> | <u>Estimated Lives</u> |
|---|------------------------|
| Furniture, Fixtures, and Office Equipment | 5-10 years |
| Scoreboard Equipment | 10 years |
| Software | 5 years |
| Leasehold Improvements | 39 years |

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

Endowment

Endowment investments are in short-term money market securities, equity investments, and fixed income investments. Endowment investments are carried at cost, which approximates market value. Interest earned from investments, including realized and unrealized gains and losses, is reported in the net assets without donor restrictions class except where the instructions of the donor specify otherwise. The investment policies and other disclosures are discussed in note 24.

Pledges

Unconditional promises to give are recognized as revenue in the period in which a written or oral agreement to contribute cash or other assets is received. An allowance for doubtful accounts is established based on the prior collection history of pledged contributions and management's analysis of specific promises made. Conditional promises to give are not recognized until they become unconditional; that is, when the donor-imposed conditions are substantially met.

Prepaid Expenses

Prepaid expenses are primarily insurance, software, and rent.

Investments and Investment Income

Investments in equity securities and mutual funds are measured at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is recorded as an increase in the amounts held in custody for others liability account as the investments are held on behalf of the University.

Revenue Recognition

Contributions are recorded when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases those net asset classes. When a donor restriction expires, with donor restricted net assets are reclassified and reported in the statement of activities as net assets without donor restrictions. Contributions restricted for acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service. The Foundation does not currently imply time restrictions on contributions of long-lived assets about how long the donated asset must be used.

Compensated Absences

The Foundation accounts for compensated absences (e.g., unused vacation, sick leave) as directed by the Financial Accounting Standards Board Accounting Standards Codification No. 710-10-50-1 (FASB ASC 710-10-50-1), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits. As of December 31, 2021, no estimates were made for compensated absences.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued) For the Year Ended December 31, 2021

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of revenue bonds payable and notes payable with contractual maturities greater than one year.

Functional Allocation of Expenses

The cost of providing the Foundation's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Cost common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Foundation and Millennium Housing, LLC. All material intercompany transactions have been eliminated.

Tax Status

The Foundation operates as a public charity under Section 501(c) (3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes and the excise tax which applies to certain foundations. However, the Foundation is subject to income tax on any unrelated business taxable income. Since the Foundation had no unrelated business income for the year ended December 31, 2021, no provision for income taxes is included in the accompanying financial statements.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021, are:

Financial assets:

| | |
|---------------------------|----------------------|
| Cash and cash equivalents | 6,107,247 |
| Pledges receivable, net | 2,076,780 |
| Other receivable | 215,965 |
| Investments | <u>21,573,229</u> |
| Total financial assets | <u>\$ 29,973,221</u> |

Less financial assets held to meet donor-imposed restrictions:

| | |
|--|-------------------|
| Restricted cash | 4,349,893 |
| Restricted investments | <u>21,573,229</u> |
| Total financial assets held to meet donor-imposed restrictions | <u>25,923,122</u> |

Amount available for general expenditures within one year: \$ 4,050,099

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued) For the Year Ended December 31, 2021

Note 3 – Prepaid Expenses

| | |
|---|-------------------|
| Prepaid insurance | \$ 560,070 |
| Prepaid software, rent, and other items | <u>220,917</u> |
| Total | <u>\$ 780,987</u> |

Note 4 – Pledges Receivable

Unconditional pledges receivables are due as follows at December 31, 2021:

| | |
|---------------------------------------|--------------------|
| Expected to be collected in: | |
| Less than one year | \$ 928,896 |
| One to five years | <u>1,605,920</u> |
| Gross pledges receivable | 2,534,816 |
| Less: allowance for doubtful accounts | <u>(458,036)</u> |
| Pledges receivable, net | <u>\$2,076,780</u> |

Note 5 – Other Receivables

As of December 31, 2021, other receivables totaled \$215,965. Management believes all receivables to be collectible; therefore, no allowance for doubtful collection is recorded.

Note 6 – Fair Value of Financial Instruments

FASB Accounting Standards Codification Topic 820, “Fair Value Measurements” (Topic 820), requires disclosures that stratify balance sheet amounts measured at fair value based on the inputs used to derive fair value measurements. The foundation reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximized the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability’s measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

- Level 1. Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - quoted prices for similar assets or liabilities in active markets.
 - quoted prices for identical or similar assets in markets that are not active.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
 - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value if observable inputs are not available.

When available, the organization measures fair value using level 1 input because they generally provide the most reliable evidence of fair value. All fair value measurements are considered Level 1 measurements as of December 31, 2021.

The primary uses of fair value measures in the organization's financial statements are

- Initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give.
- Recurring measurement of investments.
- Recurring measurement of endowments.

Note 7 – Investments

Investments are stated at market value (fair value) in accordance with FASB ASC Topic 958-320, Accounting for Certain Investments Held by Not-For-Profit Organizations. Net appreciation (depreciation) in the fair value of investments, which consists of realized gains and losses and the unrealized appreciation (depreciation) on those investments, is shown in the statement of activities.

Investments consist of the following on December 31, 2021:

| Description | Fair Value | Level 1 |
|--------------------------|----------------------|----------------------|
| Money market funds | \$ 544,070 | \$ 544,070 |
| Exchange-traded products | 14,241,312 | 14,241,312 |
| Equities | 4,904,734 | 4,904,734 |
| Fixed income | 1,883,113 | 1,883,113 |
| Total | <u>\$ 21,573,229</u> | <u>\$ 21,573,229</u> |

The above total represents the amount of investments that are maintained and managed on behalf of the Southern University System. These amounts are classified as non-current restricted assets in the Statement of Financial Position.

As discussed in note 6 to these financial statements, the foundation is required to report its fair value measurements in one of three levels, which are based on ability to observe in the marketplace the inputs to Foundation's valuation techniques. Level 1, the most observable level of inputs, is for investments measured at quoted prices in active markets for identical investments as of December 31, 2021, including investments measured at NAV if the NAV is determined as the fair value per share (unit) is published, and is the basis for current transactions. All fair value measurements of investments are considered level 1 measurements as of December 31, 2021.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

The organization uses the following ways to determine the fair value of its investments:

Money market funds: Determined by the published NAV per unit at the end of the last trading day of the year, which is the basis for transactions at that date.

Equity securities traded on national securities exchanges: Determined by the closing price on the last business day of the fiscal year.

Note 8 – Capitalized Lease Receivable

The Foundation entered into a cooperative agreement with the Southern University System's Board to lease the projects included in the bond issuance. The Southern University System's Board will lease certain facilities from the Foundation under the facility lease and pay rent, subject to the appropriation, in an amount which will be sufficient to pay the principal and interest on the Series 2006 Bonds. The amounts due from the Southern University System's Board are as follows:

Year Ending December 31,

| | |
|-----------------------------------|----------------------|
| 2022 | 1,718,825 |
| 2023 | 1,717,825 |
| 2024 | 1,714,825 |
| 2025 | 1,709,825 |
| 2026 | 1,712,825 |
| 2027 and thereafter | <u>20,509,489</u> |
| Total minimum payments | 29,083,614 |
| Less amount representing interest | <u>(8,586,950)</u> |
| | <u>\$ 20,496,664</u> |

Note 9 – Property, Plant, and Equipment

Land, building and equipment as of December 31, 2021 are summarized as follows:

| | |
|--------------------------------|---------------------|
| Land and improvements | \$ 1,215,839 |
| Building | 6,943,959 |
| Office equipment | 113,916 |
| Software | 136,832 |
| Other fixed assets | <u>3,577,977</u> |
| Subtotal | 11,988,523 |
| Less: Accumulated Depreciation | <u>(3,950,956)</u> |
| Total | <u>\$ 8,037,567</u> |

Depreciation expense totaled \$293,519 for the year ended December 31, 2021.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

Note 10 – Southern University Business Incubator

In 2014, the Foundation received a federal grant for \$1,000,000 to purchase land and build a revenue generating facility that offers eight (8) office spaces to be rented out to the public. The grant provides reimbursement of eighty percent (80%) of the expenses and the Foundation is responsible for the remaining twenty percent (20%) of expenses. The Business Incubator started in operation in fall of 2018.

Note 11 – Administrative Fee

The Foundation earns a monthly fee which is based upon the total cash deposits managed by the Foundation on behalf of the System. Any deposits made that are applicable to scholarships are charged an administrative fee of 2%; all additional fees are charged at 4%. The Foundation received \$509,219 in administrative fees for the year.

Note 12 – Due from Affiliate, and Amounts Held in Custody for Others

The Southern University System has contracted with the Foundation to invest the University's Endowed Chair for Eminent Scholars and Endowed Professorship Endowment Funds. The Endowed Chairs for Eminent Scholars Endowment Funds are established for \$1,000,000 with \$600,000 of private contributions and \$400,000 of state matching portion allocated by the Board of Regents for Higher Education. The Endowed Professorship Program Endowment Funds are established for \$100,000 with \$60,000 of private contributions and \$40,000 of state matching portion allocated by the Board of Regents for Higher Education. The amount due to the Southern University System as of December 31, 2021, for the Endowed chair and professorship program totaled \$14,180,317. The Foundation also has certain receivables due from the Southern University System. These receivables include costs that were initially paid by the Foundation for which a reimbursement is due from the System.

The following is a summary of the due from affiliate, and amounts held in custody for others amounts as of December 31, 2021:

| | |
|-------------------------------------|---------------|
| Amounts held in custody for others: | |
| Southern University System | \$ 14,180,317 |

Note 13 – Bonds Payable

On December 13, 2006, the Louisiana Public Facilities Authority issued \$59,990,000 of Louisiana Public Facilities Authority Revenue Bonds (Series 2006) to the Foundation. The proceeds of the bonds are being used to (i) finance the design, development, acquisition, construction, installation, renovation, and equipping of (a) Student Housing Facilities to be located on the campus of Southern University and Agricultural and Mechanical College in Baton Rouge, Louisiana (SUBR), (b) certain auxiliary student projects, including a student intramural sports complex, a portion of a football and track complex, a baseball field house and north end seating in Mumford Stadium and refinancing a loan for the football field restoration at SUBR, all equipment, furnishings, fixtures, and facilities incidental or necessary in connection therewith at SUBR, and (d) acquiring a building to be used by Southern University at Shreveport, Louisiana (SUSLA) (collectively, the "Project"), (ii) refinance portions of a bridge loan incurred to pay certain of such costs prior to delivery of the Series 2006 Bonds, (iii) pay costs of issuance including premium on the Bond Insurance Policy, (iv) fund a reserve fund, and (v) pay capitalized interest during construction of the Project.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

The Foundation is required to submit certain prescribed documentation within 180 days after the last day of each Fiscal Year to the Bond Insurer and the Trust Officer. These documents include financial reports certified by independent certified public accountants, a copy of the budget, a no default certificate, a copy of the developer's certificate, and a copy of the disclosure certificate. As of December 31, 2021, the Foundation is in compliance with the terms of the bond indenture.

In 2018 Millennium Housing, LLC (the sole member of which is the Southern University System Foundation) and the Louisiana Public Facilities Authority entered into an agreement to issue \$22,485,000 aggregate principal amount of Refunding Revenue Bond Series 2018. The purpose of the bonds is for the refunding of all the Refunded Bonds, fund a debt service reserve fund and paying the cost of the issuance of the Bonds. The transactions occurred to allow a new bond issue to be made for the replacement of The Refunded Bond balance not defeased in 2017, the balance of which was \$21,325,000 remaining from the 2006 series bond issue secured to build student apartments on the Baton Rouge Campus of Southern University.

The outstanding Series 2006 bonds are required to be paid as follows for the next five periods and thereafter:

| <u>Year Ending December 31,</u> | |
|---------------------------------|----------------------|
| 2022 | 820,000 |
| 2023 | 860,000 |
| 2024 | 900,000 |
| 2025 | 940,000 |
| 2026 | 990,000 |
| 2027 and thereafter | <u>16,035,000</u> |
| Total | <u>\$ 20,545,000</u> |

The outstanding Series 2006 bonds payable premiums are required to be paid as follows for the next five periods and thereafter:

| <u>Year Ending December 31,</u> | |
|---------------------------------|-------------------|
| 2022 | 48,336 |
| 2023 | 48,336 |
| 2024 | 48,336 |
| 2025 | 48,336 |
| 2026 | 48,336 |
| 2027 and thereafter | <u>562,210</u> |
| Total | <u>\$ 803,890</u> |

Interest expense related to the bonds for the year ended December 31, 2021, totaled \$966,661.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

Note 14 – Loans Payable

Multiple Advance Loan - Valdry Center

The Foundation has a multiple advance loan obligation with Whitney Bank bearing a variable interest rate. The principal amount of the business loan agreement is \$4,400,000 with interest payments commencing on June 1, 2019 and annually on the same day each year thereafter. Once the total amount of principal has been advanced under this note, the Foundation will not be entitled to further loan advances. Effective June 2, 2020 (the "Conversion Date"), the Foundation will not be entitled to any further advances on the Non-Revolving Line of Credit, interest shall accrue on the outstanding balance in effect as of the conversion date at the variable rate of One Month LIBOR plus a margin of 1.10%. The Note shall then be payable in seven (7) annual payments of interest plus principal beginning June 1, 2021, and annually on the same day thereafter, with the entire unpaid balance of principal and interest being payable on June 1, 2028. The specific purpose of this business loan is to finance the construction of the Valdry Center located at the Baton Rouge campus. The loan is collateralized by the real estate where the Center is located and other machinery, equipment and furniture located within the center. Loan maturities for each of the five years following December 31, 2021 are as follows:

| Year Ending December 31, | |
|--------------------------|---------------------|
| 2022 | 614,375 |
| 2023 | 621,168 |
| 2024 | 628,035 |
| 2025 | 634,978 |
| 2026 | 641,998 |
| 2027 and thereafter | <u>1,144,916</u> |
| Total | <u>\$ 4,285,470</u> |

Hancock Whitney Bank Loan

The Foundation has an obligation to Whitney Bank bearing interest at 4.49%. The loan is payable in annual principal and interest payments of \$91,843 each, beginning August 24, 2020; and one (1) final principal and interest payment on August 24, 2022.

Loan maturities for each of the five years following December 31, 2021 are as follows:

| Year Ending December 31, | |
|--------------------------|------------------|
| 2022 | <u>77,995</u> |
| Total | <u>\$ 77,995</u> |

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

Hancock Whitney Bank Scoreboard Loan

The Foundation also has an obligation to Whitney Bank bearing interest at 4.60%. The principal amount of the business loan agreement is \$750,000. The loan is payable in annual installments of \$95,566, including interest, and is collateralized by a stadium scoreboard with an outdoor video screen, as well as rental revenues from electronic advertisements on the Southern University campus.

Loan maturities for each of the five-year following December 31, 2021 are as follows.

| Year Ending December 31, | |
|--------------------------|-------------------|
| 2022 | \$ 111,812 |
| 2023 | 116,955 |
| 2024 | 122,335 |
| 2025 | 127,963 |
| 2026 | 129,332 |
| 2027 and thereafter | <u>280,034</u> |
| Total | <u>\$ 888,431</u> |

Economic Injury Disaster Loan

On August 11, 2020, the Foundation received a \$149,900 Economic Injury Disaster Loan (the “EIDL Loan”) from the Small Business Administration. The proceeds from the EIDL Loan are for working capital purposes. The EIDL Loan has a term of 30 years, interest of 2.75% per annum, and monthly payments of principal and interest beginning one year from the date of the EIDL Loan at \$641 per month. Each payment will be applied first to interest accrued to the date of receipt of each payment, and the balance, if any, will be applied to principal. As a condition of the EIDL Loan, the Foundation granted the SBA a security interest in and to all collateral.

Note 15 – Rental Deposits

The Foundation leased the innovation center to various outside tenants. On December 31, 2021, the balance of the rental deposits totaled \$3,708.

Note 16 – Ground Lease

Pursuant to the Cooperative Endeavor and Lease Agreement between the Foundation and the Board of Supervisors of Southern University and Agricultural and Mechanical College, the Foundation (the “Lessee”) will lease the land on which the student housing facilities and certain auxiliary student facilities are being constructed and/or renovated for the Board of Supervisors of Southern University and Agricultural and Mechanical College (the “Lessor”). The annual rents will total \$100 and the term is equal to the term of the Series 2006 bonds, terminating on the date of payment in full or defeasance of the Series 2006 bonds.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2021

Note 17 – Accrued Expenses

As of December 31, 2021, accrued expenses are as follows:

| | |
|--------------------------|-------------------|
| Accrued interest payable | <u>\$ 449,413</u> |
| Total | <u>\$ 449,413</u> |

Note 18 – Net Asset with Donor Restrictions

At December 31, 2021, net assets with donor restrictions are available for the following purposes or periods:

| | |
|--|----------------------|
| Purpose, restrictions, available for spending: | |
| Accrued Interest Payable | \$ 449,413 |
| Bonds Payable and Premium | <u>868,336</u> |
| | 1,317,749 |
| | |
| Time restrictions: | |
| Contributions and others, which are unavailable for spending until due, some of which are also subject to purpose restrictions | <u>9,956,580</u> |
| | |
| Total | <u>\$ 11,274,329</u> |

Note 19 – Concentrations of Risk

The Southern University System Foundation has a Capitalized Lease Receivable due from the Southern University System in the amount \$20,545,000. Payments are made to the Foundation totaling the amount of annual principal and interest due to service the Foundation's bond repayments. A loss in students or funding to the Southern University System could potentially result in the Foundation defaulting on their bond obligations. There is currently no cause for concern regarding the Southern University System's ability to repay the Capitalized Lease.

The Foundation's cash balances are held in savings and trust, as well as investment institutions. The Federal Deposit Insurance Corporation ("FDIC") provides deposit insurance coverage on non-interest bearing and interest-bearing accounts for deposits up to \$250,000. The FDIC insurance coverage limit applies per depositor and per insured depository institution for each ownership category. As of December 31, 2021, funds on deposit with savings and trust institutions exceeded FDIC limits by \$5,857,247. However, the excess funds are placed into a "Sweep Account," which automatically transfers amounts that exceed the FDIC limit into an overnight investment account at the close of each business day to ensure the funds are secured.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

The Foundation's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. Further, because of the significance of the investments to the Foundation's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

Note 20 – Contingencies

Amounts received may be restricted per donor specification. Failure by the Foundation to comply with donor specifications may result in the donor requesting that the contribution be returned. As of December 31, 2021, the Foundation has met all donor specification on all temporarily and permanently restricted contributions, and accordingly, no provision has been made for any liabilities that might arise from noncompliance.

Note 21 – Affiliation Agreement

The purpose of the Foundation is to receive, hold, invest, and administer property and to make expenditures to support programs and activities designed to advance, promote, or otherwise benefit the Southern University System. Because of the close association of the Foundation with the System, an affiliation agreement was entered into by both parties on January 25, 2002.

During the year ended December 31, 2021, the Southern University System Foundation made distributions to or on behalf of the University for both restricted and unrestricted purposes in the amount of \$2,251,307.

Note 22 – Board of Directors

The Board of Directors is a voluntary board; therefore, no compensation was paid to any board member during the year ended December 31, 2021.

Note 23 – Related Party Transactions

Certain board members of the Foundation are also board members of the Southern University System Board. The Southern University System provides certain payroll management functions, as well as office space, meeting space, utilities, and use of all office furniture and equipment to the Foundation for a nominal monthly fee. The value of these services has not been determined by the University. The Southern University System has also entered into a cooperative endeavor agreement with the Foundation to manage certain endowments on their behalf. The Foundation is allowed to charge the University an administration fee for these services. In addition to the aforementioned agreement, the Foundation entered into a cooperative endeavor agreement with the University to construct certain housing facilities as well as other projects through a bond issuance. The University has agreed to pay certain rents to the Foundation for these services. The total amount of rent and interest paid during the year ended December 31, 2021, totaled \$1,048,817. The schedule of rent payment coincides with the debt service payments.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued) For the Year Ended December 31, 2021

Southern University provides to the Foundation without cost, services for the administration of the Foundation in the form of personnel. In addition, Southern University provides, without cost, certain other operating services associated with the Foundation. These services are valued at their estimated cost to Southern University. The amounts for these services have been reflected as contributed services revenue and corresponding general administrative services expenses in the financial statements. The value of these services was estimated at approximately \$289,360 for the year ended December 31, 2021.

Under GASB 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34”, the Foundation is considered to be a discretely presented component unit of the Southern University System. As such, the financial statements of the Foundation are required to be presented in the financial reporting of the System.

Note 24 – Endowments

Investment Policies

The Foundation has adopted investment policies for the endowment assets that attempt to provide a predictable stream of funding for the program supported by the endowment while seeking to maintain the purchasing power of the endowment assets.

Net Asset Classification

ASC 958-205, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management Institutional Funds Act and Enhanced Disclosures for all Endowment funds provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC-958-205 also improves disclosures about an organization’s endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The Foundation’s endowments consist of individual funds established for Endowed Chairs, Endowed Professorships, and Endowed Scholarships. The Foundation’s endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

As on December 31, 2021, the Foundation’s endowments were classified as follows:

| | Without donor restrictions | With donor restrictions | Total |
|------------------|---------------------------------------|------------------------------------|----------------------|
| Donor Restricted | \$ - | \$ 16,200,405 | \$ 16,200,405 |
| Board-designated | 5,372,824 | - | 5,372,824 |
| Total | <u>\$ 5,372,824</u> | <u>\$ 16,200,405</u> | <u>\$ 21,573,229</u> |

The changes in endowment net assets for the year ended December 31, 2021, are as follows:

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

NOTE TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2021

| | Without donor restrictions | With donor restrictions | Total |
|---|---------------------------------------|------------------------------------|---------------|
| Endowment net assets, beginning balance | \$ 4,503,543 | \$ 13,031,175 | \$ 17,534,718 |
| Contributions | 341,116 | 1,493,742 | 1,834,858 |
| Distributions | (151,400) | (73,371) | (224,771) |
| Investment return, net | 679,565 | 1,748,859 | 2,428,424 |
| Endowment net assets, ending balance | \$ 5,372,824 | \$ 16,200,405 | \$ 21,573,229 |

Note 25 – The Valdry Center

The Valdry Center for Philanthropy at Southern University (“VCP”) is an academically based research center focused on philanthropic studies and nonprofit management. With no such academic unit at a Historically Black College or University; VCP brings new dimensions to the potential of philanthropic studies and nonprofit management in higher education. The Center is named for its principal benefactors Leon Valdry, Warren Valdry, and Virginia Valdry, and acknowledges the sizable gifts they have made to their alma mater for more than 50 years. Construction on the 10,967 square foot \$4.5 million building began in April of 2018 and was completed as of June 30, 2019.

Note 26 – Subsequent Events

Management evaluated subsequent events and transactions for potential recognition of disclosure in the financial statements through September 6, 2021, the date which the financial statements were available to be issued and determined the following subsequent events require disclosure.

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 impact of the COVID-19 pandemic on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

SCHEDULE OF FINANCIAL POSITION

For the Year Ended December 31, 2021

Schedule I

| Assets: | <u>Foundation</u> | <u>Millennium</u> | <u>Consolidated</u> |
|---|--------------------------|--------------------------|--------------------------|
| Cash and cash equivalents | \$ 4,289,033 | \$ 1,818,215 | \$ 6,107,247 |
| Investments | 21,573,229 | - | 21,573,229 |
| Pledges receivable, net | 2,076,780 | - | 2,076,780 |
| Other receivables | 215,965 | - | 215,965 |
| Prepaid expenses | 220,917 | 560,070 | 780,987 |
| Capitalized lease receivable | - | 20,496,664 | 20,496,664 |
| Property, plant, and equipment, net | 8,037,567 | - | 8,037,567 |
| Amortization of intangibles | 4,464 | - | 4,464 |
| | . | | |
| Total Assets | <u>36,417,955</u> | <u>22,874,949</u> | <u>59,292,903</u> |
| | | | |
| Liabilities: | | | |
| Accounts payable | 476,283 | - | 476,283 |
| Accrued interest payable | - | 449,413 | 449,413 |
| Deferred revenue | 61,385 | - | 61,385 |
| Amounts held in custody for others | 14,180,317 | - | 14,180,317 |
| Current portion of long term debt | 809,595 | 868,336 | 1,677,931 |
| Long term debt, net | 4,592,201 | 20,480,554 | 25,072,755 |
| Rental deposit fund | 3,709 | (1) | 3,708 |
| Total Liabilities | <u>20,123,490</u> | <u>21,798,302</u> | <u>41,921,792</u> |
| | | | |
| Net Assets: | | | |
| Beginning net assets, as restated | 30,023,341 | 23,735,740 | 53,759,081 |
| Change in net assets | <u>(13,728,876)</u> | <u>(22,659,093)</u> | <u>(36,387,970)</u> |
| Total Ending Net Assets | <u>16,294,465</u> | <u>1,076,647</u> | <u>17,371,111</u> |
| Total Liabilities and Net Assets | <u>\$ 36,417,955</u> | <u>\$ 22,874,949</u> | <u>\$ 59,292,903</u> |

See Independent Auditors' Report.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

SCHEDULE OF REVENUES, GAINS, AND SUPPORT

For the Year Ended December 31, 2021

Schedule II

| | <u>Foundation</u> | <u>Millennium</u> | <u>Consolidated</u> |
|--------------------------------------|----------------------|-------------------|----------------------|
| Revenue and Support | | | |
| Contributions and other support | \$ 10,272,522 | \$ - | \$ 10,272,522 |
| Rental income | 106,992 | 941,825 | 1,048,817 |
| Bayou classic revenue | 657,119 | - | 657,119 |
| Athletic sponsorships and support | <u>186,400</u> | <u>-</u> | <u>186,400</u> |
| Total Revenue and Support | <u>11,223,033</u> | <u>941,825</u> | <u>12,164,858</u> |
| Other Revenues and Gains | | | |
| Administration fees | 473,788 | - | 473,788 |
| Donor fees and registration | 274,434 | - | 274,434 |
| Interest and dividends, net of fees | 123,783 | 490 | 124,273 |
| Net realized (loss) gain | 86,131 | - | 86,131 |
| Net unrealized (loss) gain | <u>500,330</u> | <u>-</u> | <u>500,330</u> |
| Total Other Revenue and Gains | <u>1,458,466</u> | <u>490</u> | <u>1,458,956</u> |
| Total Revenue | <u>\$ 12,681,499</u> | <u>\$ 942,315</u> | <u>\$ 13,623,893</u> |

See Independent Auditors' Report.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2021

Schedule III

| | <u>Program Services</u> | <u>Supporting Services</u> | | <u>Total</u> |
|--|-----------------------------|-------------------------------------|--------------------|---------------------|
| | | <u>Management & General</u> | <u>Fundraising</u> | |
| <u>THE FOUNDATION</u> | | | | |
| Administrative cost - fees | \$ 289,824 | \$ - | \$ - | \$ 289,824 |
| Advertising and promotion | 21,783 | 197,624 | - | 219,407 |
| Bad debt expense | 640 | - | - | 640 |
| Bank fees and loan costs | - | 68,028 | - | 68,028 |
| Bayou classic expense | - | - | 414,552 | 414,552 |
| Bond interest expense | - | - | - | - |
| Capital enhancement project | 191,997 | - | - | 191,997 |
| Computer, equipment lease, and other rentals | 15,962 | 4,783 | - | 20,745 |
| Conferences & meetings | 89,302 | 16,313 | - | 105,615 |
| Contributed services | - | 289,360 | - | 289,360 |
| Cultivation/recognition | 55,275 | 23,573 | - | 78,848 |
| Depreciation | - | 293,519 | - | 293,519 |
| Equipment and resource materials | 97,708 | - | - | 97,708 |
| Faculty/staff development | 40,405 | 3,599 | - | 44,004 |
| Foundation security | 5,500 | 3,486 | - | 8,986 |
| Insurance | 72,764 | - | - | 72,764 |
| Information technology maintenance | 159,459 | 33,167 | - | 192,626 |
| Interest expenses | 195,776 | - | - | 195,776 |
| Maintenance | 82,611 | 83,045 | - | 165,656 |
| Materials and supplies | 172,477 | 74,739 | - | 247,216 |
| Membership dues & subscription | 32,158 | 11,083 | - | 43,241 |
| Postage and mailing | 10,156 | 2,135 | - | 12,291 |
| Printing and publication | 39,488 | 6,816 | - | 46,304 |
| Professional fees and contracts | 541,545 | 637,361 | - | 1,178,906 |
| Property taxes | 1,117 | - | - | 1,117 |
| Public/community support | 217,747 | 62,470 | - | 280,217 |
| Retirement contribution | - | 7,900 | - | 7,900 |
| Salaries & related expenses | 365,999 | 29,003 | - | 395,002 |
| Scholarship and educational assistance | 25,750 | 906,671 | - | 932,421 |
| Telecommunications | 10,910 | - | - | 10,910 |
| Travel and transportation | 129,706 | 11,371 | - | 141,077 |
| University events and programs | 321,336 | 899,842 | - | 1,221,178 |
| Utilities cost | 44,317 | - | - | 44,317 |
| Sub-total | <u>3,231,712</u> | <u>3,665,888</u> | <u>414,552</u> | <u>7,312,152</u> |
| <u>MILLENNIUM</u> | | | | |
| Bank fees and charges | 4,000 | - | - | 4,000 |
| Bond interest expense | 918,325 | - | - | 918,325 |
| Insurance | - | 32,945 | - | 32,945 |
| Sub-total | <u>922,325</u> | <u>32,945</u> | <u>-</u> | <u>955,270</u> |
| Total Consolidated Expenses | <u>\$ 4,154,037</u> | <u>\$ 3,698,833</u> | <u>\$ 414,552</u> | <u>\$ 8,267,422</u> |

See Independent Auditors' Report.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

SCHEDULE OF CAPITAL ASSETS (CONSOLIDATED)

For the Year Ended December 31, 2021

Schedule IV

| | <u>Balance</u> <u>12/31/2020</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance</u> <u>12/31/2021</u> |
|--|-------------------------------------|----------------------------|--------------------|-------------------------------------|
| Capital Assets not being Depreciated: | | | | |
| Land | \$ 1,215,839 | \$ - | \$ - | 1,215,839 |
| Total Capital Assets not being Depreciated: | <u>1,215,839</u> | <u>-</u> | <u>-</u> | <u>1,215,839</u> |
| Other Capital Assets: | | | | |
| Buildings | 6,943,959 | - | - | 6,943,959 |
| Less: accumulated depreciation | <u>(377,638)</u> | <u>(183,143)</u> | <u>-</u> | <u>(560,781)</u> |
| Total Buildings | <u>6,566,321</u> | <u>(183,143)</u> | <u>-</u> | <u>6,383,178</u> |
| Software | 136,832 | - | - | 136,832 |
| Less: accumulated depreciation | <u>(124,754)</u> | <u>(2,676)</u> | <u>-</u> | <u>(127,430)</u> |
| Total Software | <u>12,078</u> | <u>(2,676)</u> | <u>-</u> | <u>9,402</u> |
| Equipment, furniture and fixture | 280,274 | - | - | 280,274 |
| Less: accumulated depreciation | <u>(191,095)</u> | <u>(22,232)</u> | <u>-</u> | <u>(213,327)</u> |
| Total Equipment | <u>89,179</u> | <u>(22,232)</u> | <u>-</u> | <u>66,947</u> |
| Other | 3,411,619 | - | - | 3,411,619 |
| Less: accumulated depreciation | <u>(2,963,950)</u> | <u>(85,468)</u> | <u>-</u> | <u>(3,049,418)</u> |
| Total Other | <u>447,669</u> | <u>(85,468)</u> | <u>-</u> | <u>362,201</u> |
| Total Other Capital Assets | <u>10,772,684</u> | <u>-</u> | <u>-</u> | <u>10,772,684</u> |
| Total Accumulated Depreciation | <u>(3,657,437)</u> | <u>(293,519)</u> | <u>-</u> | <u>(3,950,956)</u> |
| Capital Asset Summary: | | | | |
| Capital assets not being depreciated | 1,215,839 | - | - | 1,215,839 |
| Other capital assets | <u>10,772,684</u> | <u>-</u> | <u>-</u> | <u>10,772,684</u> |
| Total Capital Assets | 11,988,523 | - | - | 11,988,523 |
| Less: accumulated depreciation | <u>(3,657,437)</u> | <u>(293,519)</u> | <u>-</u> | <u>(3,950,956)</u> |
| Capital Assets, net | <u>\$ 8,331,086</u> | <u>\$ (293,519)</u> | <u>\$ -</u> | <u>\$ 8,037,567</u> |

See Independent Auditors' Report

SOUTHERN UNIVERSITY SYSTEM FOUNDATION

**SCHEDULE OF BONDS PAYABLE
For the Year Ended December 31, 2021**

Schedule V

| Issue | Date of Issue | Original Issue | Principal Outstanding 12/31/20 | (Redeemed) Issued | Principal Outstanding 12/31/21 | Interest Rates | Interest Outstanding 12/31/21 |
|---------------------------------------|---------------|----------------------|-----------------------------------|---------------------|-----------------------------------|-------------------|----------------------------------|
| Louisiana Public Facilities Authority | 12/13/2006 | \$ 59,990,000 | \$ 21,325,000 | \$ (780,000) | \$ 20,545,000 | 4.62% | \$ 8,586,950 |
| Unamortized Premium - Series 2006 | 12/13/2006 | <u>2,117,037</u> | <u>852,226</u> | <u>(48,336)</u> | <u>803,890</u> | | |
| Total | | <u>\$ 62,107,037</u> | <u>\$ 22,177,226</u> | <u>\$ (828,336)</u> | <u>\$ 21,348,890</u> | | |

See Independent Auditors' Report.

BAYOU CLASSIC 2021

STATEMENT OF ACTIVITIES - ANCILLARY
For the Year Ended December 31, 2021
(Unaudited)

Schedule VII

Revenue

| | |
|----------------------|--------------|
| Sponsorship/Programs | \$ 1,476,399 |
| Ticket Sales | 17,778 |
| Other - Hotel | <u>7,801</u> |
| Total Revenue | 1,501,978 |

Expenses

| | |
|---------------------|-----------|
| Programs Cost | |
| Bayou Classic | 827,932 |
| Battle of the Bands | 155,205 |
| Parade | 45,335 |
| Biz Tech | <u>-</u> |
| Total Programs Cost | 1,028,472 |

Operating Cost

| | |
|---------------------------|--------------|
| Management Fees | 185,000 |
| Corporate and Sponsorship | 89,267 |
| Marketing | <u>5,550</u> |

| | |
|----------------------|----------------|
| Total Operating Cost | <u>279,817</u> |
|----------------------|----------------|

| | |
|----------------|------------------|
| Total Expenses | <u>1,308,289</u> |
|----------------|------------------|

| | |
|-------------------|--------------------------|
| Net Income (Loss) | <u><u>\$ 193,689</u></u> |
|-------------------|--------------------------|

See Independent Auditors' Report

Report on Compliance with the Affiliation Agreement with Southern University System

Board of Directors
Southern University System Foundation
Baton Rouge, Louisiana

We have examined Southern University System Foundation's compliance with the affiliation agreement with the Southern University System for the year ended December 31, 2021. Management is responsible for the Foundation's compliance with those requirements. Our responsibility is to express an opinion on the Foundation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the *American Institute of Certified Public Accountants* and, accordingly, included examining, on a test basis, evidence about the Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Foundation's compliance with specified requirements.

In our opinion, Southern University System Foundation complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2021.

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 Foundation's internal control or on compliance. This communication is intended solely for the information and use of management of the Southern University System Foundation, others within the organization, and Southern University System. Accordingly, this communication is not suitable for and not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Bruno & Terwalon, LLP

New Orleans, Louisiana
August 01, 2022