NICHOLLS STATE UNIVERSITY

UNIVERSITY OF LOUISIANA SYSTEM
A COMPONENT UNIT OF THE
STATE OF LOUISIANA

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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Basic Financial Statements:

STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2023

ASSETS	
Current Assets	
Cash and cash equivalents	$4,452,887
Receivables, net	5,972,830
Due from state treasury	467,587
Due from federal government	283,926
Prepaid expenses and advances	1,360,538
Lease Receivable	206,237
Total current assets	12,744,005
Noncurrent Assets	
Restricted assets:	
Cash and cash equivalents	14,126,223
Investments	17,605,183
Accounts receivable (net)	1,369,336
Lease Receivable	913,964
Capital assets (net)	95,315,903
Total noncurrent assets	129,330,609
Total assets	142,074,614
Deferred Outflows of Resources	
Deferred outflows relating to pensions	22,079,518
Deferred outflows relating to other postemployment benefits (OPEB)	12,203,651
Total deferred outflows of resources	34,283,169
Total assets and deferred outflows	176,357,783
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	3,742,765
Unearned revenues	1,628,038
Amounts held in custody for others	290,084
Current Portion of Noncurrent Liabilities	
Compensated absences payable	448,946
Lease Obligations	26,909
Subscription liability	540,277
Bonds payable	2,440,000
OPEB liability	3,200,000
Total current liabilities	12,317,019

(Continued)

The accompanying notes are an integral part of this statement

STATEMENT OF NET POSITION
FISCAL YEAR ENDED JUNE 30, 2023

Long-term Portion of Noncurrent Liabilities	
Unearned revenues	$331,210
Compensated absences payable	3,615,325
Lease Obligations	26,987
Subscription liability	847,407
Bonds payable	41,610,447
Net pension liability	75,378,298
OPEB liability	67,493,139
Other noncurrent liabilities	3,708,991
Total noncurrent liabilities	193,011,804
Total liabilities	205,328,823
Deferred Inflows of Resources	
Deferred inflows relating to leases	1,069,547
Deferred inflows relating to pensions	2,103,072
Deferred inflows relating to OPEB	23,497,649
Total deferred outflow of resources	26,670,268
Net Position	
Net investment in capital assets	55,139,901
Restricted for:	
Nonexpendable	16,564,662
Expendable	13,848,726
Unrestricted	(141,194,597)
Total net position	(55,641,308)
Total liabilities, deferred inflows, and net position	176,357,783

(Concluded)

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FISCAL YEAR ENDED JUNE 30, 2023

Operating Revenues	
Student tuition and fees (net of allowances of $14,884,079)	$28,561,628
Federal grants and contracts	249,944
State and local grants and contracts	5,347,239
Nongovernmental grants and contracts	537,921
Sales and services of educational departments	170,228
Auxiliary enterprise revenues (net of allowances of $1,935,924)	18,693,135
Other operating revenues	1,509,309
Total operating revenues	55,069,404
Operating Expenses	
Educational and general:	
Instruction	30,098,054
Research	1,231,599
Public service	1,725,612
Academic support	6,963,672
Student services	5,441,131
Institutional support	9,203,410
Operations and maintenance of plant	7,859,721
Depreciation	6,943,232
Scholarships and fellowships	5,012,479
Auxiliary enterprises	15,652,819
Other operating expenses	195,216
Total operating expenses	90,326,945
Operating income (loss)	(35,257,541)

(Continued)

The accompanying notes are an integral part of this statement

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FISCAL YEAR ENDED JUNE 30, 2023

Nonoperating Revenues (Expenses)	
State appropriations	$18,729,668
Gifts	582,811
Federal nonoperating revenues (expenses)	12,155,644
Net investment income (loss)	736,134
Interest expense	(2,315,326)
Payments to or on behalf of the university	582,447
Insurance Recoveries	177,687
Other nonoperating revenues (expenses)	3,485,326
Net nonoperating revenues (expenses)	34,134,391
Income (loss) before other revenues, expenses, gains and losses	(1,123,150)
Capital appropriations	5,409,110
Capital grants and gifts	406,684
Increase (decrease) in net position	4,692,644
Net position at the beginning of the year, restated	(60,333,952)
Net position at the end of the year	(55,641,308)

(Concluded)

The accompanying notes are an integral part of this statement

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows From Operating Activities	
Tuition and fees	$31,749,415
Grants and contracts	5,346,922
Sales and services of educational departments	117,669
Auxiliary enterprise receipts	17,605,717
Payments for employee compensation	(42,354,278)
Payments for benefits	(19,230,628)
Payments for utilities	(4,583,743)
Payments for supplies and services	(16,464,030)
Payments for scholarships and fellowships	(7,308,220)
Other receipts (payments)	2,124,065
Net cash provided (used) by operating activities	(32,997,111)
Cash Flows From Non-Capital Financing Activities	
State appropriations	19,798,893
Gifts and grants for other than capital purposes	582,811
Pell Grant receipts	10,053,946
TOPS receipts	13,607,647
TOPS disbursements	(13,593,386)
CARES Act receipts	2,049,618
Direct lending receipts	20,180,739
Direct lending disbursements	(20,180,739)
Other receipts (payments)	1,410,870
Net cash provided (used) by noncapital financing sources	33,910,399
Cash Flows From Capital Financing Activities	
Purchases of capital assets	(2,926,952)
Principal paid on capital debt	(2,370,000)
Interest paid on capital debt	(2,305,853)
Principal paid on leases	(26,832)
Interest paid on leases	(198)
Proceeds from leases (principal only)	206,881
Interest received from leases	16,429
Principal paid on SBITAs	(526,880)
Interest paid on SBITAs	5,887
Deposits with trustees	14,337
Net cash provided (used) by capital financing activities	(7,913,181)

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2023

Cash Flows From Investing Activities	
Proceeds from sales and maturities of investments	$4,617,200
Interest received on investments	137,033
Purchases of investments	(4,093,952)
Net cash provided (used) by investing activities	660,281
Net increase (decrease) in cash and cash equivalents	(6,339,612)
Cash and cash equivalents at the beginning of the year	24,918,722
Cash and cash equivalents at the end of the year	$18,579,110
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (used) by Operating Activities	
Operating income (loss)	($35,257,541)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	
Depreciation expense	6,943,232
Retirement contributions paid by third parties	259,594
Amortization of bond issuance costs	56,298
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
(Increase) decrease in accounts receivable, net	748,395
(Increase) decrease in prepaid expenses and advances	(300,460)
(Increase) decrease in other assets	(11,058)
(Increase) decrease in deferred outflows related to pensions	(4,702,872)
(Increase) decrease in deferred outflows related to OPEB	839,619
Increase (decrease) in accounts payable and accrued liabilties	(1,006,596)
Increase (decrease) in unearned revenue	11,143
Increase (decrease) in amounts held in custody for others	(142,171)
Increase (decrease) in compensated absences	92,525
Increase (decrease) in net pension liability	28,449,417
Increase (decrease) in OPEB liability	(23,596,708)
Increase (decrease) in deferred inflows related to pensions	(24,055,022)
Increase (decrease) in deferred inflows related to OPEB	18,675,094
Net cash provided (used) by operating activities:	($32,997,111)

(Continued)

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2023

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	
Cash and cash equivalents classified as current assets	$4,452,887
Cash and cash equivalents classified as noncurrent assets	14,126,223
Total cash and cash equivalents	$18,579,110

Schedule of Noncash Investing, Capital, and Financing Activities	
Capital appropriations	$5,409,110
Change in fair market value of investments	$262,236
Capital gifts and grants	$406,684
Disposition of capital assets	($1,149,327)

(Concluded)

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

INTRODUCTION

Nicholls State University (University) is a component unit of the University of Louisiana System (System), a publicly-supported institution of higher education. The System is a component unit of the State of Louisiana within the executive branch of government. The University is under the management and supervision of the University of Louisiana System Board of Supervisors; however, the annual budget of the System and the University and changes to the degree programs, departments of instruction, *et cetera*, of the University require the approval of the Board of Regents for Higher Education. The Board of Supervisors is comprised of 15 members appointed for staggered six-year terms by the Governor, with the consent of the Senate, and one student member appointed for a one-year term by a council composed of the student body presidents of the universities within the System. As a state university, operations of the University's instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature. The chief executive officer of the System is the president. In addition, the chief executive officer of the University is the university president.

The University had approximately 5,899 students enrolled during the fall semester of the 2022/2023 academic year and employed approximately 828 employees.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Governmental Accounting Standards Board (GASB) promulgates accounting principles and reporting standards for state and local governments. These principles are found in the *Codification of Governmental Accounting and Financial Reporting Standards*, published by GASB.

B. REPORTING ENTITY

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The System is considered a component unit of the State of Louisiana because the State exercises oversight responsibility and has accountability for fiscal matters as follows: (1) the majority of the members of the governing board are appointed by the Governor; (2) the State has control and exercises authority over budget matters; (3) the State issues bonds to finance certain construction; and (4) the universities within the System primarily serve State residents. The accompanying financial statements present information only as to the transactions of the programs of the University as authorized by Louisiana statutes and administrative regulations.

Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements. The System's financial statements are audited by the Louisiana Legislative Auditor.

Blended Component Unit

The NSU Facilities Corporation is a Louisiana nonprofit corporation that is considered a blended component unit of the University because it is fiscally dependent on the University. The purpose of the organization is to promote, assist, and benefit the mission of the University through the acquisition, construction, development, management, leasing or otherwise assisting in the acquisition, construction, development, management, or leasing of student housing or other facilities on behalf of the University. Although this facility corporation is legally separate, it is reported as a part of the University because:

- The majority of its revenue comes from leasing facilities to the university, and/or
- In accordance with GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and 34*, a component unit shall be blended with its primary government if the component unit's total outstanding debt, including leases, is expected to be repaid entirely or almost entirely with the resources of its primary government.

To obtain the corporation's latest audit report, write to:

- NSU Facilities Corporation, c/o Mr. Terry Braud, Nicholls State University, P.O. Box 2003, Thibodaux, Louisiana 70310

C. BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. All activities of the University are accounted for within a single proprietary (enterprise) fund. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-system transactions have been eliminated.

D. BUDGET PRACTICES

The State of Louisiana's appropriation is an annual lapsing appropriation established by legislative action and by Title 39 of the Louisiana Revised Statutes. The statutes require that the budget be approved by the Board of Regents for Higher Education and certain legislative and executive branches of state government. Budget revisions are granted by the Joint Legislative Committee on the Budget. In compliance with these legal restrictions, budgets are adopted on the accrual basis of accounting, except that (1) depreciation is not recognized; (2) leave costs are treated as budgeted expenditures to the extent that they are expected to be paid; (3) summer school tuition and fees and summer school faculty salaries and related benefits for June are not prorated but are recognized in the succeeding year; and (4) inventories are recorded as expenditures at the time of purchase.

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes cash on hand (petty cash), demand deposits, and interest-bearing demand deposits. Cash equivalents include certificates of deposit and all highly liquid investments with a maturity of three months or less when purchased. Under State law, the University may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the University may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Cash equivalents reported on the Statement of Net Position include all negotiable certificates of deposit, regardless of maturity.

The University follows Louisiana Revised Statute (R.S.) 49:327 as applicable to institutions of higher education in establishing investment policy. R.S. 49:327 authorizes the University to invest funds in direct U.S. Treasury obligations, U.S. government agency obligations, direct security repurchase agreements, reverse direct repurchase agreements, investment grade commercial paper, investment grade corporate notes and bonds, and money market funds.

Funds derived from gifts and grants, endowments, and reserve funds established in accordance with bond issues may be invested as stipulated by the conditions of the gift instrument or bond indenture. The University's foundation holds and manages funds received by the University for the Endowed Chairs and Endowed Professorship programs; the Louisiana Board of Regents has established investment policies and procedures related to how endowment funds may be invested.

Investments reported at fair value in accordance with GASB Statement No. 31, as amended by GASB Statement No. 72. Changes in the carrying value of investments, resulting from unrealized gains and losses, are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position. For purposes of the Statement of Cash Flows, the University considers all highly-liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. NONCURRENT RESTRICTED ASSETS

Cash, investments, receivables, and other assets that are externally restricted for grants, endowments, debt service payments, maintenance of sinking or reserve funds, or to purchase or construct capital assets are classified as noncurrent restricted assets in the Statement of Net Position.

G. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed $100,000. Any infrastructure exceeding $3 million must be capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred. Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, three to 10 years for most movable property, three years for software with an acquisition cost of $1,000,000 or more, and three to 10 years for internally generated software with development costs of $1,000,000 or more.

H. UNEARNED REVENUES

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but are related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

I. COMPENSATED ABSENCES

The University's compensated absences liability is computed in accordance with GASB Codification Section C60.

Employees accrue and accumulate annual and sick leave in accordance with state law and administrative regulations. The leave is accumulated without limitation; however, nine-month faculty members do not accrue annual leave but are granted faculty leave during holiday periods when students are not in classes. Employees who are considered having nonexempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned.

Upon separation of employment, both classified and nonclassified personnel or their heirs are compensated for accumulated annual leave not to exceed 300 hours. In addition, academic and nonclassified personnel or their heirs are compensated for accumulated sick leave not to exceed 25 days upon retirement or death. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System (LASERS), upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave, which would otherwise have been used to compute years of service for retirement. Unused annual leave in excess of 300 hours plus unused sick leave are used to compute retirement benefits.

Upon termination or transfer, a classified employee will be paid for any one and one-half hour compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid is based on the classified employee's hourly rate of pay at termination or transfer.

J. NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable, notes payable, and lease and subscription based IT obligations with contractual maturities greater than one year; amounts for accrued compensated absences; the University's proportionate shares of the LASERS and Teachers' Retirement System of Louisiana (TRSL) actuarially accrued net pension liability and the actuarially accrued liability for other postemployment benefits (OPEB); and other liabilities that will not be paid within the next fiscal year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of LASERS and TRSL, and additions to/deductions from the retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The plans' investments are reported at fair value.

K. NET POSITION

The University's net position is classified as follows:

(1) Net Investment in Capital Assets

Net investment in capital assets represents the University's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

(2) Restricted Net Position – Expendable

Restricted expendable net position includes resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

(3) Restricted Net Position – Nonexpendable

Restricted nonexpendable net position consists of endowment and similar type funds that donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

(4) Unrestricted Net Position

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses and for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to first apply the expense toward unrestricted resources, and then toward restricted resources.

L. CLASSIFICATION OF REVENUES AND EXPENSES

The University has classified its revenues as either operating or nonoperating according to the following criteria:

(1) Operating Revenue

Operating revenue includes activities that have the characteristics of exchange transactions, such as (a) student tuition and fees, net of scholarship discounts and allowances; (b) sales and services of auxiliary enterprises, net of scholarship discounts and allowances; and (c) most federal, state, and local grants and contracts, and federal appropriations.

(2) Nonoperating revenue

Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as gifts and contributions, state appropriations, and investment income.

(3) Operating expenses

Operating expenses generally include transactions resulting from providing goods or services, such as (a) payments to vendors for goods or services;

(b) payments to employees for services; and (c) payments for employee benefits.

(4) Nonoperating expenses

Nonoperating expenses include transactions resulting from financing activities, capital acquisitions, and investing activities.

M. SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for services (tuition and fees) provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf.

N. USE OF ESTIMATES

The preparation of financial statements 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. Actual results could differ from those estimates.

O. ADOPTION OF NEW ACCOUNTING PRINCIPLES

For the year ended June 30, 2023, the UL System implemented the following:

- GASB Statement No. 99, *Omnibus 2022* which was issued in April 2022 and which has requirements related to leases, PPPs and SBITAs that are effective for fiscal years beginning after June 15, 2022.

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which was issued in May 2020 and is effective for fiscal years beginning after June 15, 2022.

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* which was issued in March 2020 and is effective for fiscal years beginning after June 15, 2022.

The System will include additional information on the new standards in its audited financial statements.

2. CASH AND CASH EQUIVALENTS

At June 30, 2023, the University had cash and cash equivalents (book balances) of $18,579,110, as follows:

Demand Deposits	$7,022,283
Certificates of Deposit	1,813,819
Money Market Funds	5,293
Petty Cash	13,056
Blended Component Unit Cash	9,724,659
Total Cash	$18,579,110

Custodial credit risk is the risk that in the event of a bank failure the University's deposits may not be returned to it. Under State law, the University's deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent bank. The fair market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the University or the pledging bank by a holding or custodial bank that is mutually acceptable to both parties.

As of June 30, 2023, the University's bank balance totaled $19,445,545.

3. INVESTMENTS

At June 30, 2023, the University has investments totaling $17,605,183 reported on the Statement of Net Position as restricted investments of which $15,286,647 was held by the University's foundation.

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application,* requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

(1) Level 1

Valuations are based on quoted market prices for identical assets or liabilities traded in active markets.

(2) Level 2

Valuations are is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability.

(3) Level 3

Valuations are determined by using the best information available under the circumstances and might include the government's own data. In developing unobservable inputs, a government may begin with its own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

In addition, certain alternative investments (e.g., hedge funds) may be reported at their net asset values, which do not have readily determinable fair values.

Fair values of assets measured on a recurring basis at June 30, 2023, are as follows:

Description	Totals	Quoted Prices in Active Markets for Identical Assets Level 1	Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Investments Measured at Net Asset Value
U.S. government securities:					
US Treasury Notes	$2,028,332	0	$2,028,332	0	0
Money market funds	290,204	0	290,204	0	0
Investments held by foundations:					
U.S. government securities:					
US Treasury Notes	1,527,304	0	1,527,304	0	0
Federal Home Loan Mortgage Corporation	342,916	0	342,916	0	0
Federal National Mortgage Association	455,961	0	455,961	0	0
Other fixed income securities	322,628	0	322,628	0	0
Mutual funds	759,654	0	759,654	0	0
Money market accounts	489,051	489,051	0	0	0
Equity funds	3,352,697	3,352,697	0	0	0
Common and preferred stock	4,768,418	4,768,418	0	0	0
Corporate bonds/obligations	1,911,454	0	1,911,454	0	0
Hedge funds:					
Equity long/short	705,647	0	0	0	705,647
Multi-strategy	650,917	0	0	0	650,917
Subtotal	17,605,183	$8,610,166	$7,638,453	$0	$1,356,564
Not categorized	0				
Total	$17,605,183				

Fair values for the University's investments categorized in Level 1 (e.g., equity securities, certain mutual funds, money market accounts) have been obtained using quoted prices from active markets in which these securities are traded (e.g., New York Stock Exchange). Fair values for investments categorized in Level 2 (e.g., United States government securities, certain mutual funds, corporate bonds and obligations) have been provided by the university's investment advisors, financial institutions, or other sources and are based on other observable inputs. Fair values for investments categorized in Level 3 have been provided by the university's investment advisors, financial institutions, or other sources and are based on other available information.

Hedge Funds

Following is a summary of the fair values for the hedge funds and alternative investments held by the Foundation, and included in investments measured at net asset value above, as of June 30, 2023 (there were no unfunded commitments for these hedge funds):

	Fair Value
Equity long/short	705,647
Multi-strategy	650,917
Total	$1,356,564

Global Long/short equity funds are invested in the ACAP Strategic Fund. This fund has no lockup period; carries a redemption frequency of quarterly tender offers of up to 25% of the fund at the discretion of the board of directors; and specifies a redemption notice period with a paperwork deadline generally 14 days prior to fiscal quarter-end. These investments seek to generate capital appreciation while maintaining a balanced level of risk by investing in a number of long/short equity-based funds and other direct investments. Net asset values of the funds are determined by using the latest unaudited or audited financial statements and performance reports of hedge funds in which the private equity funds are invested. Any listed investments are valued at the last sales price on the date of determination. Any investments not listed are valued at the mean between the last closing and asking prices as reported in the over-the-counter market, if available. For those investments with no quotations, the investments are valued at their estimated fair values as determined by the board of directors and investment manager of the fund. Net asset values are computed monthly.

Multi-strategy funds are invested in the Hatteras Core Alternatives TEI Fund, L.P. This fund has no lockup period; carries a redemption frequency with anticipated quarterly tender offers at the discretion of the board of directors, subject to an early repurchase fee of 5% if requested within the first 12 months of the investment; and specifies a redemption notice period as the tender window. These are investments in various funds that use a variety of different investment strategies across a wide range of financial instruments, including but not limited to fixed income securities, equities, mutual funds, futures, forward and option contracts, physical commodities, distressed securities, swaps and other derivative products. The net asset values of some funds use various inputs, including portfolio valuations that are received directly from independent sources. For those assets for which no independent sources are available, the investment managers determine the fair values by other means that may include obtaining appraisals. Some funds use a third party to provide the net asset calculation or rely on the latest unaudited or audited financial statements and performance reports of various investments in which the funds invest. Any listed investments are valued at the last sales price on the date of determination. Fair values for investments with no quotations are estimated at their net asset values calculated by the fund managers.

Investments in these two funds have no unfunded commitments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State law as applicable to institutions of higher education does not address interest rate risk. In addition, the University does not have policies to limit interest rate risk. The University's fixed-income investments and maturities at June 30, 2023, follow:

			Investment Maturities in Years			
	Percentage of Investments	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years	Over 10 Years
US Government Securities:						
US Treasury Notes	11.52%	$2,028,332	$637,683	$1,390,649	$0	$0
Money Market Funds	1.65%	290,204	0	0	0	0
Investments held by foundations:						
US Treasury Notes	8.68%	1,527,304	63,606	994,323	133,093	336,282
Federal Home Loan Mortgage Corporation	1.95%	342,916	0	0	0	342,916
Federal National Mortgage Association	2.59%	455,961	0	0	0	455,961
Other Fixed Income Securities	1.83%	322,628	90,908	231,720	0	0
Mutual Funds	4.31%	759,654	0	0	0	0
Money Market Accounts	2.78%	489,051	0	0	0	0
Equity Funds	19.04%	3,352,697	0	0	0	0
Common and Preferred Stock	27.09%	4,768,418	0	0	0	0
Corporate Bonds/Obligations	10.86%	1,911,454	16,261	1,157,775	535,688	201,730
Hedge Funds	7.71%	1,356,564	0	0	0	0
Held by Blended Component Units	0.00%	0	0	0	0	0
Totals	100.00%	$17,605,183	$808,458	$3,774,467	$668,781	$1,336,889

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For U.S. Treasury obligations and U.S. government agency obligations, the University's investment policies generally require that issuers must provide the University with safekeeping receipts, collateral agreements, and custodial agreements.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. State law requires that at no time shall the funds invested in U.S. government agency obligations exceed 60% of all monies invested with maturities of 30 days or longer. In addition, State law limits the investment in commercial paper and corporate notes and bonds to 20% of all investments. The University does not have policies to further limit concentration of credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As stated above, the University follows R.S. 49:327 to limit credit risk. The University does not have policies to further limit credit risk. The Foundation follows guidelines established by the Board of Regents to limit credit risk for the University's endowment investments.

Rating Agency	Ratings	Fair Value
Standard & Poor's	AAA	$24,225
Standard & Poor's	AA+	4,698,006
Standard & Poor's	AA	133,100
Standard & Poor's	AA-	150,602
Standard & Poor's	A+	114,350
Standard & Poor's	A	47,854
Standard & Poor's	A-	225,691
Standard & Poor's	BBB+	725,157
Standard & Poor's	BBB	477,614
Unrated		11,008,584
Totals		$17,605,183

4. RECEIVABLES

Receivables, net of an allowance for doubtful accounts, at June 30, 2023, reported on the Statement of Net Position are composed of the following:

	Accounts Receivable	Allowance for Doubtful Accounts	Net Accounts Receivable	Restricted Portion
Student tuition and fees	$4,724,932	($1,288,250)	$3,436,682	$897
Auxiliary enterprises	1,827,335	0	1,827,335	0
Federal, state, and private grants and contracts	1,115,295	0	1,115,295	1,115,295
Contributions and gifts	0	0	0	0
Insurance recoveries	233,188	0	233,188	233,188
Other	729,666	0	729,666	19,956
Total Receivables	$8,630,416	($1,288,250)	$7,342,166	$1,369,336

5. CHANGES IN CAPITAL ASSETS

Changes in capital assets for the fiscal year ended June 30, 2023, follow:

Description	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:						
Land	$8,056,482		$8,056,482			$8,056,482
Construction-in-progress	547,542		547,542	$6,840,025		7,387,567
Other	0		0			0
Right-to-Use Land	0		0			0
Right-to-Use Land Improvements	0		0			0
Right-to-Use Other	0		0			0
Total assets not being depreciated	8,604,024	0	8,604,024	6,840,025	0	15,444,049
Capital assets being depreciated/amortized:						
Infrastructure	8,254,949		8,254,949			8,254,949
Land improvements	4,398,862		4,398,862			4,398,862
Buildings	155,405,112		155,405,112	332,386		155,737,498
Equipment (including library books)	42,964,041		42,964,041	1,570,333	(1,149,327)	43,385,047
Right-to-Use Infrastructure	0		0			0
Right-to-Use Land improvements	0		0			0
Right-to-Use Buildings	0		0			0
Right-to-Use Equipment (including library books)	107,482		107,482			107,482
Right-to-Use Intangible Assets (SBITAS)	0	0	0	1,908,676		1,908,676
Total capital assets being depreciated/amortized	211,130,446	0	211,130,446	3,811,395	(1,149,327)	213,792,514
Less accumulated depreciation:						
Infrastructure	(4,022,481)		(4,022,481)	(295,638)		(4,318,119)
Land improvements	(3,356,517)		(3,356,517)	(153,089)		(3,509,606)
Buildings	(89,507,592)		(89,507,592)	(4,992,923)		(94,500,515)
Equipment	(31,213,294)		(31,213,294)	(996,467)	1,149,327	(31,060,434)
Less accumulated amortization:						
Right-to-Use Infrastructure	0		0			0
Right-to-Use Land improvements	0		0			0
Right-to-Use Buildings	0		0			0
Right-to-Use Equipment (including library books)	(26,871)		(26,871)	(26,870)		(53,741)
Right-to-Use Intangible Assets (SBITAS)	0		0	(478,245)		(478,245)
Total accumulated depreciation/amortizatior	(128,126,755)	0	(128,126,755)	(6,943,232)	1,149,327	(133,920,660)
Total capital assets, net	$91,607,715	$0	$91,607,715	$3,708,188	$0	$95,315,903

The University generally does not capitalize collections of works of art or historical treasures either because it does not have any or because they meet the following criteria for exclusion from capitalization in accordance with the requirements of GASB Statement No. 34: (1) held for public exhibition, education, or research in furtherance of public service rather than financial gain; (2) protected, kept unencumbered, cared for, or preserved; and (3) subject to an organizational policy that requires the proceeds from sales of the items to be used to acquire other items for the collection.

6. PAYABLES

Payables and accrued expenses at June 30, 2023, are summarized in the following:

Account Name	
Vendor payables	$526,413
Accrued salaries and payroll deductions	2,889,875
Accrued interest	262,077
Other	64,400
Total payables	$3,742,765

7. COMPENSATED ABSENCES

At June 30, 2023, employees of the University have accumulated vested annual, sick, and compensatory leave, the total balance of which is recorded in the accompanying financial statements and is summarized as follows:

Leave Type	
Annual leave	$1,692,692
Sick leave	2,241,373
Compensatory leave	130,206
Total compensated absences payable	$4,064,271

8. PENSION LIABILITY

The University participates in two State public employee retirement systems, the Louisiana State Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana (TRSL). The System includes the required disclosures for LASERS and TRSL in its audited financial statements.

9. OPTIONAL RETIREMENT SYSTEM

The University participates in the optional retirement plan (ORP), a defined contribution plan, which is administered by TRSL and which was created by R.S. 11:921-931 for academic and administrative employees of public institutions of higher education. The purpose of the optional retirement plan is to provide retirement and death benefits to the participants while affording the maximum portability of these benefits to the participants. The System includes the required disclosures for ORP in its audited financial statements.

10. POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The University provides certain continuing health care and life insurance benefits for its retired employees, offering them the opportunity to participate in the State's Office of Group Benefits plan. Substantially, all University employees become eligible for these benefits if they reach normal retirement age while working for the University. The System includes the required disclosures for the other postemployment benefit plan in its audited financial statements.

11. LEASE OBLIGATIONS

Lessee Leases

The university leases copiers and printers for use in offices on campus. The contract was awarded after a bid process, and the stream of payments is based on the PO issued at the origin of the contract. Variable payments are based on the number of copies or prints over the base amount included in the bid. New equipment can be added or removed according to business needs of the university at any time. There is no purchase option included in this contract.

As disclosed in Note 5, the University has a total of $107,482 right-to-use, or leased assets, that are capitalized in accordance with policy.

For FY23, the University had the following outflows of resources (expenses) related to leases that were not previously included in the measurement of the lease liability reported in the Statement of Net Position:

Variable Payments	$5,762
Residual Value Guarantees	0
Termination Penalties	0
Other	0
Total	$5,762

Following is a schedule of principal and interest requirements to maturity, for the University's lease liability:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$26,909	$121	$27,030
2025	26,987	42	$27,029
2026	0	0	$0
2027	0	0	$0
2028	0	0	$0
2029-2033	0	0	$0
2034-2038	0	0	$0
2039-2043	0	0	$0
2044-2048	0	0	$0
2049-2053	0	0	$0
Thereafter	0	0	$0
Total Lease Liability	$53,896	$163	$54,059

Lessor Leases

The University's leasing operations consist primarily of leasing property for providing bookstore operations to students, telecommunications equipment and office space for local businesses. Additional, variable revenues may be earned through the bookstore lease on a percentage of total sales for the fiscal year, when such amounts exceed the guaranteed lease amount. The lessee may move to terminate this contract for cause after written notice and a reasonable opportunity for the university to cure the defect.

A telecommunication tower was built on university property in conjunction with a long-term lease of a certain plot of land. The lessee has the right to terminate the contract upon 60 days written notice and a termination fee of three months' rent at the prevailing rate.

The following is a schedule of the University's lease related revenues for the year ended June 30, 2023:

Lease Related Revenues (those included in calculation of lease receivable only):	
Lease Revenue	$206,881
Interest Revenue	16,429
Other lease related revenues	0
Total	$223,310

Variable and Other Lease Related Revenues (those **not** included in measurement of lease receivable):	
Variable Revenues	$69,120
Residual Value Guarantees	0
Termination Penalties	0
Other	0
Total	$69,120

12. LONG-TERM LIABILITIES

Following is a summary of bond and other long-term debt transactions of the System for the year ended June 30, 2023:

Bonds payable:							
Publicly offered	$8,803,693		$8,803,693		$ (308,633)	$8,495,060	$280,000
Direct placements	37,560,457		37,560,457		(2,005,070)	35,555,387	2,160,000
Bonds payable	$ 46,364,150	$ -	$ 46,364,150	$ -	$ (2,313,703)	$ 44,050,447	$ 2,440,000
Other liabilities:							
Accrued compensated absences payable	$ 3,971,746		$ 3,971,746	$609,480	$ (516,955)	$ 4,064,271	$ 448,946
Lease obligations	80,728		80,728		(26,832)	53,896	26,909
Subscription obligations	-		-	1,914,564	(526,880)	1,387,684	540,277
Total other liabilities	$ 4,052,474	$ -	$ 4,052,474	$ 2,524,044	$ (1,070,667)	$ 5,505,851	$ 1,016,132
Total	$ 50,416,624	$ -	$ 50,416,624	$2,524,044	$ (3,384,370)	$49,556,298	$3,456,132

Details of all debt outstanding at June 30, 2023, follow:

Issue	Date of Issue	Original Issue	Beginning Principal Outstanding	Issued (Redeemed)	Ending Principal Oustanding	Maturities	Interest Rates	Ending Interest Outstanding
Publicly Offered								
NSU Facilities Corporation								
(blended component unit):								
Louisiana Local Government Environmental								
Facilities and Community Development Authority:								
Student Self-Assessed Fees - Series 2021	March 11,2021	$ 8,415,000	$ 8,175,000	$ (275,000)	$ 7,900,000	2041	4.00%	$ 3,377,200
Subtotal		8,415,000	8,175,000	(275,000)	7,900,000			
Discounts			(58,988)	3,155	(55,833)			
Premimum			840,063	(44,940)	795,123			
Bond issuance and insurance costs			(152,382)	8,152	(144,230)			
Total Publicly Offered		$ 8,415,000	$ 8,803,693	$ (308,633)	$ 8,495,060			$ 3,377,200
Direct Placements								
NSU Facilities Corporation								
(blended component unit):								
Louisiana Local Government Environmental								
Facilities and Community Development Authority:								
Student Revenue Housing - Series 2007 B	August 23, 2007	$ 32,380,000	$ 32,380,000	0	$ 32,380,000	2039	4.49%	$ 13,949,557
Streets and Parking Revenue								
Bonds - Series 2016 A	February 16, 2016	1,975,000	670,000	$ (220,000)	450,000	2025	2.30%	15,525
Cafeteria and Student Union Revenue								
Bonds - Series 2016 B	February 16, 2016	4,000,000	2,410,000	(265,000)	2,145,000	2030	3.71%	329,633
Student Revenue Housing - Series 2017	December 1, 2017	10,605,000	3,270,000	(1,610,000)	1,660,000	2024	2.86%	47,476
Subtotal - Direct Placements		48,960,000	38,730,000	(2,095,000)	36,635,000			
Bond issuance and insurance costs			(1,169,543)	89,930	(1,079,613)			
Total Direct Placements		$ 48,960,000	$ 37,560,457	$ (2,005,070)	$ 35,555,387			$ 14,342,191

Annual requirements to amortize all University bonds outstanding at June 30, 2023, follow:

	Publicly Offered		Direct Placements/Borrowings	
Fiscal Year Ending June 30,	Principal	Interest	Principal	Interest
2024	280,000	310,400	2,160,000	1,591,267
2025	295,000	298,900	2,280,000	1,524,230
2026	305,000	286,900	2,150,000	1,508,481
2027	320,000	274,400	2,250,000	1,408,882
2028	335,000	261,300	2,350,000	1,304,627
2029-2033	1,880,000	1,091,400	12,395,000	4,823,314
2034-2038	2,295,000	674,300	9,930,000	2,057,630
2039-2043	2,190,000	179,600	3,120,000	123,760
2044-2048	0	0	0	0
2049-2053	0	0	0	0
Sub-total	7,900,000	3,377,200	36,635,000	14,342,191
Unamortized Discount/ Premium/Issuance Costs	595,060		(1,079,613)	
Total	$8,495,060	$3,377,200	$35,555,387	$14,342,191

Following are the debt service reserve requirements of the various bond issues outstanding at June 30, 2023:

Bond Issue	Reserves Available	Reserve Requirement	Excess/ (Deficiency)
NSU Facilities, Inc.			
Revenue Bonds, Series 2017	$3,378,319	$3,275,945	$102,374
Revenue Bonds, Series 2021	616,196	598,500	17,696
Total	$3,994,515	$3,874,445	$120,070

Notes Payable

Not applicable.

13. REFUNDING OF BONDS

Not applicable.

14. INTEREST RATE SWAP

The NSU Facilities Corporation (a blended component unit of Nicholls State University) is reported under FASB accounting standards, the requirements of which differ from the requirements of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*.

The Louisiana Local Government Environmental Facilities and Community Development Authority (the "Authority") issued its $32,380,000 Revenue Bonds (Nicholls State University Student Housing / NSU Facilities Corporation Project) Series 2007B Bonds (the "Bonds"), the proceeds of which were loaned to the NSU Facilities Corporation (the "Corporation"). The Bonds were issued as variable rate securities and bear interest at the variable rate in effect from time to time. On December 8, 2017 the Bonds were remarketed from a variable rate demand bond secured by the existing Assured Guaranty bond insurance and a liquidity facility provided by Regions Bank in the form of a stand-by bond purchase agreement confirmed by a Federal Home Loan Bank-Atlanta letter of credit ("Liquidity Facility") to a bond secured by the existing Assured Guaranty bond insurance directly purchased by Regions Capital Advantage, Inc. (the "Bondholder") The necessity of this remarketing was due the termination of the Liquidity Facility securing the Bonds.

Objective of the Swap: In order to hedge interest rate exposure on the Bonds at the request of the Corporation, the Authority entered into an interest rate swap (the "Swap") with Morgan Keegan Financial Products, Inc. (the "Original Provider"). The Swap was originally effective as of August 15, 2007 and was subsequently amended on June 20, 2008 as more fully described in the Master Agreement, Schedule to the Master Agreement, Replacement Transaction Agreement and Confirmation dated August 15, 2007 and the Amended Confirmation dated June 20, 2008 (the "Original Swap Documents"). In connection with the remarketing of the Bonds, and pursuant to the terms of the Replacement Transaction Agreement, the Original Provider has assigned its rights under the Original Swap Documents to Duetsche Bank AG, New York Branch (the "Replacement Provider") and the Original Swap Documents were amended pursuant to an Amended and Restated Confirmation (the "Amended and Restated Confirmation" and, together with the Original Swap Documents, the "Swap Documents") between the Authority and the Replacement Provider.

Corporation Liable For Swap Payments: The Corporation is liable to the Authority to make Swap payments and Bond debt service payments pursuant to the terms of the transaction documents. Any amounts owed by the Authority to the Replacement Provider of the Swap are obligations of the Corporation.

Terms: Under the amended terms of the Swap since December 9, 2017, the Authority pays a fixed rate of 5.622%, and the Replacement Provider pays a variable rate equal to 70% of the one month's London Interbank Offered Rate (LIBOR) plus 1.50% beginning January 2, 2018 through June 1, 2039, all as more fully described in the Swap Documents.

LIBOR Phase Out: Both the Swap and the Bonds have variable interest rates based on a floating rate benchmark index of one month's LIBOR. As a result of widespread market manipulation by banks which provide quotes for determining the LIBOR index, LIBOR is being phased out and will not be quoted beyond June 30, 2023. In response, the Federal Reserve Board and the Federal Reserve Bank of New York created the Alternative Reference Rate Committee (ARRC), which in 2017 announced that the Secured Overnight Financing Rate (SOFR) had been chosen as the recommended but not mandatory primary replacement index for LIBOR. Pursuant to the Adjustable Interest Rate (LIBOR) Act of 2021 and the ARRC Recommendations published on March 15, 2023, the underlying benchmark index for the Swap and the

Bonds will change from one month's LIBOR to a fallback rate of one month term SOFR plus 0.11448% beginning after June 30, 2023. Thereafter, the Replacement Provider will pay the Authority a variable rate equal (i) 70% of the sum of SOFR plus 0.11448%, plus (ii) 1.50%.

Fair Value: The fair value of the Swap as of June 30, 2023, which is not reported in the financial statements, was approximately $3,592,000 in favor of the Replacement Provider. The fair value was provided by Sisung Securities Corporation.

Credit Risk: Credit risk is the risk that the counterparty will not fulfill its obligations. At June 30, 2023, the Authority is not exposed to credit risk because the Swap has a negative fair value. However, should interest rates change and the fair value of the Swap becomes positive, the Authority would be exposed to credit risk in the amount of the Swap's fair value.

Basis Risk: Basis risk is the risk that arises when variable interest rates on a Swap and the associated debt are based on different indexes. Under the Swap, the floating rate paid to the Authority by the Replacement Provider is based on the same floating rate benchmark index as the Bonds (70% of one month's LIBOR). Therefore, the Authority is not presently exposed to basis risk on the Swap. After June 30, 2023, the floating rate paid to the Authority by the Replacement Provider will be based on the fallback floating rate benchmark index (70% of the sum of one month's term SOFR plus 0.11448%), which is the same benchmark index as for the Bonds. Therefore, the Authority will still not be exposed to basis risk after the phase out of LIBOR.

Termination Risk: The Authority or the Replacement Provider may terminate the Swap if the other party fails to perform under the terms of the contract. The Swap may be terminated if either party fails to make payment when due; breaches the Swap Documents; made or repeated or deemed to have made or repeated a misrepresentation; bankrupts; or merges without assumption or commits an illegality. If the Swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination, the Swap has a negative fair value, the Authority would be liable to the Replacement Provider for a payment equal to the Swap's fair value.

Rollover Risk: Rollover risk is the risk that the Swap does not extend to the maturity of the associated debt. The Authority is not exposed to rollover risk because the Swap terminates in conjunction with the maturity of the associated bond. The Swap terminates on June 1, 2039, and the Bonds mature on June 1, 2039.

Interest Rate Risk: Interest rate risk is the risk that the interest rate will change over some interval while the Bonds are outstanding. The Authority has entered into this fixed rate Swap agreement to mitigate interest risk associated with the underlying variable rate Bonds.

15. REVENUE USED AS SECURITY FOR REVENUE BONDS

Not applicable.

16. RESTATEMENT OF BEGINNING NET POSITION

Not applicable.

17. RESTRICTED NET POSITION

The University has the following restricted expendable net position at June 30, 2023:

Account Title	Amount
Endowments	$716,695
Student Fees	2,329,612
Auxiliary Enterprises	37,392
Grants and Contracts	1,249,117
Maintenance Reserves	7,382,899
Capital Construction/Plant Projects	252,043
Debt Service/Retirement of Indebtedness	1,377,605
Scholarships	295,893
Gifts - Restricted by Donors	207,470
Total expendable	$13,848,726

Of the total restricted expendable net position reported for the year ended June 30, 2023, $3,197,614, was restricted by enabling legislation.

The University's restricted nonexpendable net position totaling $16,564,662 as of June 30, 2023, was comprised entirely of endowment funds.

Donor Restricted Endowments

If a donor has not provided specific instructions, State law permits the University of Louisiana System Board of Supervisors to authorize expenditure of the net appreciation (realized and unrealized) of the investments of endowment funds. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

At June 30, 2023, the University reported restricted-expendable net appreciation of endowments totaling $389,837, all of which is available to be spent for restricted purposes. The System limits endowment spending to the income earned in a given year for purposes specified by donors. The donated portion of the endowments is reported in restricted net position - nonexpendable in the Statement of Net Position; the endowment income is reported in restricted net position - expendable.

18. CONDENSED FINANCIAL INFORMATION

Following is condensed financial information for the University's blended component unit.

Statement of Net Position	NSU Facilities Corporation
Assets:	
Current Assets	$483,197
Capital Assets	32,768,157
Other Assets	9,724,659
Total assets	$42,976,013
Liabilities:	
Current Liabilities	$2,702,077
Long-term Liabilities	49,992,355
Total liabilities	$52,694,432
Net Position:	
Net Investment in Capital Assets	($7,407,845)
Restricted Net Position - Expendable	5,850,214
Unrestricted Net Position	(8,160,788)
Total net position	($9,718,419)

Statement of Revenues, Expenses, and Changes in Net Position	NSU Facilities Corporation
Operating revenues	$5,772,465
Operating expenses	(137,177)
Depreciation expense	(3,603,363)
Net operating income	2,031,925
Nonoperating revenues (expenses):	
Investment income	333,485
Interest expense	(2,375,966)
Other (net)	2,174,000
Changes in net position	2,163,444
Net position beginning of the year	(11,881,863)
Net position end of the year	($9,718,419)

Statement of Cash Flows	
Net cash flows provided (used) by:	
Operating Activities	$5,683,941
Capital and Related Financing Activities	(4,675,853)
Investing Activities	0
Net Increase (Decrease) in Cash	1,008,088
Cash, Beginning of the Year	8,716,571
Cash, End of the Year	$9,724,659

19. FUNCTIONAL VERSUS NATURAL CLASSIFICATION OF EXPENSES

Instruction	$20,741,275	$7,878,595	$0	$1,478,184	$0		$30,098,054
Research	863,882	164,127	0	203,590	0		1,231,599
Public Service	1,130,000	289,121	19,401	287,090	0		1,725,612
Academic Support	3,809,842	1,401,133	0	1,752,697	0		6,963,672
Student Services	3,028,602	975,252	154,959	1,282,318	0		5,441,131
Institutional Support	5,608,858	1,736,154	0	1,858,398	0		9,203,410
Operations and Maintenance of Plant	1,811,452	912,988	2,764,148	2,371,133	0		7,859,721
Depreciation						6,943,232	6,943,232
Scholarships and Fellowships	0	0	0	0	5,012,479		5,012,479
Auxiliary Enterprises	4,625,972	1,109,990	1,346,734	7,291,232	1,278,891		15,652,819
Other	0	0	0	195,216	0		195,216
Total operating expenses	$41,619,883	$14,467,360	$4,285,242	$16,719,858	$6,291,370	$6,943,232	$90,326,945

20. CONTINGENT LIABILITIES AND RISK MANAGEMENT

Losses arising from judgments, claims, and similar contingencies such as guaranty of mortgage loans on sorority and fraternity houses are considered State liabilities and are paid upon appropriation by the Legislature and not the university. Therefore, the University, through its legal advisors, estimates that potential claims not covered by insurance would not materially affect the financial statements. In addition, the University had not incurred any claims and/or litigation cost in the current year. Other losses of the University arising from judgments, claims, and similar contingencies are paid through the state's self-insurance fund operated by the Office of Risk Management, the agency responsible for the state's risk management program, or by appropriation from the state's General Fund. The Office of Risk Management insures all of these lawsuits.

21. ON-BEHALF PAYMENTS FOR SALARIES AND FRINGE BENEFITS

On-behalf payments for salaries and fringe benefits are direct payments made by one entity to a third-party recipient for the employees of another legally separate entity. On-behalf payments include pension plan contributions, employee health and life insurance premiums, and salary supplements or stipends. For example, a nongovernmental fundraising foundation affiliated with a governmental university may supplement salaries of certain university employees. Those payments constitute on-behalf payments for purposes of reporting by the University.

The amount of on-behalf payments for salaries and fringe benefits included in the accompanying financial statements for the fiscal year ended June 30, 2023, was $582,447, which includes $259,594 for contributions to the TRSL pension plan from non-employer contributing entities.

22. FOUNDATIONS

The accompanying financial statements do not include the accounts of the following foundations:

Nicholls State University Foundation
Nicholls Alumni Federation
PRO NSU Inc.

These foundations are separate corporations whose financial statements are subject to audit by other independent certified public accountants.

23. DEFERRED COMPENSATION PLAN

Certain employees of the University participate in the Louisiana Public Employees' Deferred Compensation Plan adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available on the Internet at www.lla.la.gov.

24. COOPERATIVE ENDEAVOR AGREEMENTS

Nicholls State has entered into several cooperative endeavor agreements as follows:

In May of 2021, an agreement was signed by which the Lafourche Parish Government would budget $30,000 to assist the university with the cost of hosting an E Sports Summer Camp for the youth of Lafourche Parish. The camp will provide recreational opportunities to the residents of the parish. The camp was held during the summer of 2021. The agreement extends through December of 2023, and additional camps are planned.

In August of 2022, an agreement was signed with the Lafourche Parish Government, Office of Community Action whereby they will provide tuition assistance for qualified residents of the parish, up to $2,500, under a federal grant expiring September 30, 2023.

In August of 2021, an agreement was signed by which the Lafourche Parish Government would budget $200,000 to assist the university with the costs of maintaining the John L Guidry Stadium. This agreement will provide sporting events to area schools, and viewing opportunities to parish residents. Guidry Stadium is the home of Colonel football, the Manning Passing Academy and numerous high school games, with an estimated $2,000,000 impact to the parish.

In August 2022, Nicholls entered into an agreement with the Ascension Parish Government to provide consulting services for an Early Learning Center in Donaldsonville, LA and to develop an early childhood education program to serve infants through age 2-year-old children.

25. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAS)

A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange like-transaction. When determining whether a contract conveys control of the right to use the underlying IT assets, a government should assess whether it has both of the following: (1) a right to obtain the present service capacity from use of the underlying IT assets as specified in the contract and (2) the right to determine the nature and manner of use of the underlying IT assets as specified in the contract.

The subscription term is the period during which a government has a noncancelable right to use the underlying IT assets (referred to as the noncancelable period), plus periods covered by the government to extend the SBITA if it is reasonably certain, based on all relevant factors, that the government will exercise that option and periods covered by an option to terminate if it is reasonably certain that the government will not exercise that option. SBITAs with a contract period exceeding 12 months that meet the criteria for reporting under GASB 96 will result in a subscription liability and an intangible right-to-use asset.

The University has identified the following types of software that is being reporting as SBITAs:

- Constituent Relationship Management
- Electronic Payment Processing
- Nursing Simulation Subscription
- Student Engagement
- Cloud Telephone System
- Continuous Improvement
- Business Forms and Processing

As disclosed in Note 5, the University has a total of $1,908,676 right-to-use, or SBITA assets, that are capitalized in accordance with policy, these SBITA assets have related accumulated amortization of $478,245.

For FY23, the University had the following outflows of resources (expenses) related to SBITAs that were not previously included in the measurement of the SBITA liability reported in the Statement of Net Position:

Variable Payments	0
Residual Value Guarantees	0
Termination Penalties	0
Other	0
Total	0

Following is a schedule of principal and interest requirements to maturity, for the University's SBITA liability:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$540,277	$12,161	$552,438
2025	272,560	8,593	$281,153
2026	195,284	5,720	$201,004
2027	197,404	3,720	$201,124
2028	182,159	1,700	$183,859
2029-2033	0	0	$0
2034-2038	0	0	$0
2039-2043	0	0	$0
2044-2048	0	0	$0
2049-2053	0	0	$0
Thereafter	0	0	$0
Total SBITA Liability	$1,387,684	$31,894	$1,419,578

26. SUBSEQUENT EVENTS

None