

UNIVERSITY OF SOUTHWESTERN LOUISIANA FOUNDATION, INC.

STATEMENT OF REVENUE AND SUPPORT, EXPENSES AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
Year Ended June 30, 1988

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT:				
Contributions	\$ 218,488	\$ 1,808,948	\$ 808,398	\$ 3,235,834
Investment earnings	33,488	587,488	3,447	624,423
Gain on investments	3,378	73,028	49	76,455
Other income	43,288	498,488	-	541,776
Management fee income	295,448	-	-	295,448
NET ASSET INCREASE FROM RESTRICTIONS:				
Satisfaction of program expenses	1,812,188	(1,812,188)	-	-
Total revenue and support	2,801,212	624,358	811,846	3,427,416
EXPENSES:				
Grants paid to benefit: University of South- western Louisiana Foundation, Inc. for projects specified by donors	1,808,948	-	-	1,808,948
Projects specified by the Board of Directors	118,188	-	-	118,188
Supporting services:				
Salaries and benefits	194,828	-	-	194,828
Insurance	18,478	-	-	18,478
Office operations	218,898	-	-	218,898
Travel	13,888	-	-	13,888
Professional services	18,378	-	-	18,378
Fees and subscriptions	3,528	-	-	3,528
Meetings and development	98,448	-	-	98,448
Depreciation	22,328	-	-	22,328
Total expenses	1,882,848	-	-	1,882,848
Change in net assets before transfers in/out	380,512	424,988	928,888	1,403,428
Unrestricted	(175,884)	15,188	(58,988)	-
Temporarily restricted	27,378	(382,888)	898,888	-
Permanently restricted	-	24,328	(24,328)	-
Change in net assets	181,926	477,488	1,401,488	1,401,428
Necessary of unrestricted losses	3,814	-	(58,478)	(54,664)
Transfer to custodial funds	-	18,388	-	18,388
Net assets at beginning of year	2,222,228	2,112,888	12,812,228	21,347,344
Net assets at end of year	2,304,154	2,130,276	12,863,746	21,347,344

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 3. Note Receivable

On July 19, 1982, the Foundation made a loan in the amount of \$325,000 to the University of Southwestern Louisiana Alumni Association, Inc. due on demand with variable percent interest per annum until paid. This loan is collateralized by buildings and improvements. The outstanding balance was \$188,000 and \$227,500 at June 30, 1988 and 1995, respectively. Interest received during the years amounted to \$12,181 and \$28,488, respectively.

Note 4. Property and equipment

A summary of property and equipment at June 30 follows:

	<u>1988</u>	<u>1995</u>
Computers	\$ 9,898	\$ 8,888
Furniture and equipment	29,125	28,125
Buildings	455,813	618,823
Land	30,243	30,243
Vehicles	54,824	54,824
Other	<u>50,806</u>	<u>68,000</u>
	629,809	808,903
Less: accumulated depreciation	<u>(243,258)</u>	<u>(247,888)</u>
	<u>\$ 386,551</u>	<u>\$ 561,015</u>

The assets shown are owned by the University of Southwestern Louisiana Foundation, Inc., but the majority of these assets are used by University of Southwestern Louisiana in support of its educational activities.

Note 5. Funds Held In Custody

The funds being held at June 30 are as follows:

	<u>1988</u>	<u>1995</u>
State Matching Funds Received for University of Southwestern Louisiana	<u>\$1,893,218</u>	<u>\$1,845,180</u>

NOTES TO FINANCIAL STATEMENTS

Note 3. Specified Projects

The following is a detail of monies paid to benefit University of Northwestern Louisiana.

	<u>1996</u>	<u>1995</u>
Scholarships	\$ 309,740	\$ 308,000
University Art Museum	20,287	-
Agriculture	18,316	8,788
Business Administration	232,852	195,485
Education	6,511	3,454
Engineering	99,561	28,336
Arts and Humanities	56,420	102,339
Science	8,382	3,772
Nursing	22,821	22,282
Library	2,886	18,428
Publicities	495,840	691,449
OTM Center	25,211	-
Alumni Association	-	12,128
MOBILITY	-	488
University Services	122,842	81,247
Marine Survival Training Center	8,870	8,428
All others	<u>316,168</u>	<u>125,182</u>
	<u>\$1,742,126</u>	<u>\$1,828,438</u>

Note 4. Board-Designated Endowment

According to policy, the University of Northwestern Louisiana Foundation, Inc.'s Board of Trustees has authorized a portion of unrestricted as board-designated endowed (quasi-endowed) funds to be invested to provide income for a long, but unspecified period. The principal of these board designated funds, which results from internal designation, is not donor restricted and, therefore, is not classified as permanently restricted. Below is a recap of these funds at June 30:

	<u>Unrestricted</u>	
	<u>1996</u>	<u>1995</u>
Board-designated endowed funds	<u>\$ 248,628</u>	<u>\$ 250,212</u>

NOTES TO FINANCIAL STATEMENTS

Note 18. Restatement and Reclassification of Prior Periods

During the fiscal year ended June 30, 1998, the Foundation adopted certain provisions of Statement on Financial Accounting Standards (SFAS) No. 138, "Accounting for Contributions Received and Contributions Made" and Statement on Financial Accounting Standards (SFAS) No. 117, "Financial Statements for Not-for-Profit Organizations." Although the intent of SFAS No. 138 and No. 117 pertains to an accrual basis entity, all applicable aspects were incorporated into the modified cash basis presentation in the current year.

In accordance with SFAS No. 118, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. As permitted by SFAS No. 138, the Association has retroactively applied the provisions of this statement.

Under provisions of SFAS No. 117, the Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As permitted by this new statement, the Foundation has discontinued the use of Fund reporting, and accordingly, has reclassified its financial statements to present three classes of net assets required by the pronouncement.

NOTES TO FINANCIAL STATEMENTS

The adoption of SFAS No. 114 and No. 117 had the following effects on the change in net assets for the year ended June 30, 1994:

	1994			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
fund balance, beginning, as previously reported as June 30, 1994	\$ 1,488,872	\$ 8,893,217	\$14,814,898	\$25,196,987
prior period adjustments:				
Capitalization of artwork and collections	499,820	-	-	499,820
Reclassification of grant commitments	-	(572,843)	(3,315,940)	(3,888,783)
Reclassification of deferred revenue-charitable remainder trust annuity	122,872	-	-	122,872
Net assets, beginning, as restated at June 30, 1994	2,111,564	8,320,374	11,498,958	20,930,936
Reclassification to conform with current year presentation	821,722	(1,242,022)	(127,822)	-
Net assets, beginning, as currently presented at June 30, 1994	<u>\$ 2,933,286</u>	<u>\$ 7,078,352</u>	<u>\$11,371,136</u>	<u>\$21,382,774</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring the following expenses which satisfy the restricted purposes or by occurrence of other events specified by the donors for the year ended June 30.

	<u>1976</u>	<u>1975</u>
Chairs and professorship	\$ 189,621	\$ 104,045
Scholarships	323,742	304,488
Operations and supplies	1,028,928	1,084,878
Travel	<u>28,822</u>	<u>28,822</u>
	<u>\$1,571,113</u>	<u>\$1,542,233</u>

Note 7. Net Assets

Temporarily restricted net assets are available for grants to support University of Northwestern Louisiana Foundation, Inc. in the following general areas:

- Chairs and professorships
- Scholarships
- Operations and supplies
- Travel
- Capital outlay and improvements

Permanently restricted net assets are restricted in investment in perpetuity, the income from which is expendable to support the above activities.

NOTES TO FINANCIAL STATEMENTS

The book values, market values and unrealized gains and losses of investments are as follows at June 30:

	1994			
	Amortized Cost/Carrying Value	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Market Value
Certificates of deposit	\$ 1,208,200	\$ -	\$ -	\$ 1,208,200
U.S. Government obligations	24,713,717	143,798	(294,602)	24,562,913
Corporate obligations	1,849,900	18,498	(23,178)	1,845,220
Corporate stocks	5,895,488	1,769,516	(221,878)	7,443,126
MSB	564,278	-	-	564,278
Notes receivable	103,000	-	-	103,000
Oil and gas royalty interest	25,833	-	-	25,833
Cash surrender value of life insurance	20,212	-	-	20,212
	<u>\$25,872,618</u>	<u>\$1,891,812</u>	<u>\$ (245,678)</u>	<u>\$27,518,752</u>

	1993			
	Amortized Cost/Carrying Value	Gross Unrealized Gain	Gross Unrealized Loss	Estimated Market Value
Certificates of deposit	\$ 1,208,200	\$ -	\$ -	\$ 1,208,200
U.S. Government obligations	18,788,283	273,808	(147,888)	18,914,103
Corporate obligations	1,958,900	14,428	(43,957)	1,929,371
Corporate stocks	4,872,817	1,144,489	(69,792)	6,047,514
MSB	221,000	-	-	221,000
Notes receivable	227,000	-	-	227,000
Oil royalties	7,084	-	-	7,084
Cash surrender value of life insurance	81,947	-	-	81,947
Charitable remainder annuity trust	113,828	-	-	113,828
	<u>\$22,489,759</u>	<u>\$1,432,725</u>	<u>\$ (211,637)</u>	<u>\$23,710,847</u>

UNIVERSITY OF SOUTHWESTERN LOUISIANA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. Nature of Organization and Significant Accounting Policies

Nature of Organization:

The University of Southwestern Louisiana Foundation, Inc. (the Foundation) is a nonprofit corporation organized to promote the educational, social, moral and material welfare of the University of Southwestern Louisiana and to receive scholarships, gifts, donations, devices and bequests of money and real and personal property to become a part thereof, and to invest, care for, manage and control all monies and properties so received, and to disburse the same, and the income therefrom, as the donors may direct, or in case specific directions are not given, then as such as the Board of Trustees of the University of Southwestern Louisiana may determine, in aid of any of the activities, institutions, interests, purposes and objects of the University of Southwestern Louisiana.

Accounting policy:

The Foundation prepares its financial statements on the modified cash basis. Under this basis, revenues are recognized when collected rather than when earned, and expenditures are generally recognized when paid rather than incurred. The modifications include depreciation and amortization of capitalized assets, recognition of cash surrender value of life insurance policies, material receivable amounts, insurance and premiums in value of marketable securities. Therefore, receivables, accounts payable, and accrued expenses are not reflected and the financial statements are not intended to present the financial position, results of operations, or changes in cash flow in conformity with generally accepted accounting principles.

The significant accounting policies followed by the Foundation are described below to enhance the usefulness of the financial statements to the reader.

Fund accounting:

To ensure observance of limitations and restrictions placed on the uses of resources available to the Foundation, the accounting system is organized and operated on a fund basis. The assets, liabilities, and net assets of the Foundation are reported in three self-balancing fund groups as follows:

1. Unrestricted funds represent the portion of funds available for support of Foundation supporting services and also amounts which have been expended for property acquisitions.

UNIVERSITY OF SOUTHWESTERN LOUISIANA FOUNDATION, INC.

STATEMENT OF REVENUE AND SUPPORT, RESTRICTED AND
CHANGES IN NET ASSETS - MODIFIED CASH BASIS
Year Ended June 30, 1988

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT:				
Contributions	\$ 445,283	\$ 2,428,852	\$ 649,145	\$ 3,523,280
INVESTMENT EARNINGS	59,829	771,856	3,429	834,114
Gain on investments	36,832	467,695	377	504,904
Other income	83,714	189,153	-	272,867
Management fee income	349,530	-	-	349,530
Net asset released from RESTRICTIONS:				
Satisfaction of				
Program expenses	<u>3,423,832</u>	<u>15,628,821</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>3,489,323</u>	<u>3,423,832</u>	<u>652,321</u>	<u>7,565,476</u>
EXPENSES:				
Grants paid to benefit University of South- western Louisiana Foundation, Inc. for Projects specified by donors	1,400,000	-	-	1,400,000
Projects specified by the Board of Directors	82,115	-	-	82,115
Supporting services:				
Salaries and benefits	119,157	-	-	119,157
Insurance	8,478	-	-	8,478
Office operations	118,388	-	-	118,388
Travel	7,823	-	-	7,823
Professional services	18,888	-	-	18,888
Dues and subscriptions	1,768	-	-	1,768
Meetings and development	28,178	-	-	28,178
Depreciation	21,432	-	-	21,432
Total expenses	<u>2,844,348</u>	<u>-</u>	<u>-</u>	<u>2,844,348</u>
Change in net assets before transfers in (out):	643,964	1,418,960	653,153	2,716,077
Unrestricted	(164,438)	55,838	188,883	-
Temporarily restricted	13,113	(108,488)	184,878	-
Permanently restricted	-	382	(183)	-
Change in net assets	292,139	1,143,902	1,876,424	3,312,465
Transfer to endowment funds	-	(59,485)	-	(59,485)
Net assets at beginning of year	<u>2,882,822</u>	<u>1,324,125</u>	<u>16,826,965</u>	<u>21,033,912</u>
Net assets at end of year	<u>\$ 3,174,961</u>	<u>\$ 2,812,128</u>	<u>\$18,703,389</u>	<u>\$24,689,478</u>

See NOTES to FINANCIAL STATEMENTS.

UNIVERSITY OF SOUTHWESTERN LOUISIANA FOUNDATION, INC.

STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS -
MODIFIED CASH BASIS

JUNE 30, 1994 and 1993

ASSETS	1994	1993
Cash	\$ 3,351,400	\$ 3,309,000
Investments:		
Certificates of deposit	3,328,200	3,328,200
U.S. Government obligations	18,755,717	18,798,281
Corporate obligations	3,949,951	3,968,889
Corporate stocks	3,293,489	4,079,000
Oil and gas royalty interests	25,833	7,088
Land	868,238	803,000
Cash surrender value of life insurance	98,253	83,867
Charitable remainder annuity trust	-	509,958
Notes receivable	199,080	217,908
Property and equipment, net	187,231	278,741
Artwork and other non-depreciable	<u>3,318,188</u>	<u>3,380,188</u>
Total assets	<u>50,112,687</u>	<u>49,728,722</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Funds held in custody	\$ 3,301,373	\$ 3,303,300
Net Assets:		
Unrestricted	3,379,282	3,881,827
Temporarily restricted	8,833,288	8,894,228
Permanently restricted	<u>17,811,045</u>	<u>18,028,855</u>
Total net assets	<u>29,113,615</u>	<u>30,813,810</u>
Total liabilities and net assets	<u>32,415,028</u>	<u>34,117,110</u>

See Notes to Financial Statements.



BROUSSARD, POCHE, LEWIS & BREAUX
 CERTIFIED PUBLIC ACCOUNTANTS

411 West Campbell
 P.O. Box 1000
 Lafayette, Louisiana
 70501-1000
 phone: (504) 984-2100
 fax: (504) 984-1007

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
 University of Southwestern
 Louisiana Foundation, Inc.
 Lafayette, Louisiana

Other Offices

Crocker, LA
 (504) 383-6616

Bayou Vista, TX
 (409) 942-0377

Metairie, LA
 (504) 885-1901

New Orleans, LA
 (504) 584-4324

Shreveport, LA
 (504) 684-2900

Monroe, LA
 (504) 482-0670

Ernest H. Broussard, C.P.A.

Lawrence A. Pochie, C.P.A.

James C. Lewis, C.P.A.

Robert N. Pochie, C.P.A.

Richard L. Breaux, C.P.A.

Frank S. Wilson, C.P.A.

Robert P. Broussard, C.P.A.

W. Charles Pochie, C.P.A.

Rebecca H. Pochie, C.P.A.

Dr. John Broussard, C.P.A.

Stephen L. Landrum, C.P.A.

Christopher Broussard, C.P.A.

Dr. W. Charles Pochie, C.P.A.

Richard J. Breaux, C.P.A.

George J. Young, III, C.P.A.

David E. Allen, C.P.A.

Clayton B. Wilson, C.P.A.

Dr. Nathaniel Pochie

Paul H. Pochie, C.P.A.

Dr. Richard A.

William E. Broussard, C.P.A.

Lawrence E. Pochie, C.P.A.

James H. Wilson, C.P.A.

Ernest H. Broussard, C.P.A.

George A. Lewis, C.P.A.

Richard E. Broussard, C.P.A.

William E. Pochie, C.P.A.

Members of American Institute of
 Certified Public Accountants
 Society of Certified Public
 Accountants

We have audited the accompanying statements of assets, liabilities, and net assets - modified cash basis of University of Southwestern Louisiana Foundation, Inc. a nonprofit organization as of June 30, 1994 and 1993, and the related statements of revenue and support, expenses and changes in net assets - modified cash basis for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. These standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Organization prepares its financial statements on the basis of cash receipts and disbursements except that the statements include certain modifications. This basis is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, on all material aspects, the assets, liabilities, and net assets of University of Southwestern Louisiana Foundation, Inc. as of June 30, 1994 and 1993, and its revenue and support, expenses and the changes in its net assets for the years then ended, on the basis of accounting described in Note 2.

Broussard, Pochie, Lewis & Breaux

Lafayette, Louisiana
 November 9, 1994

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UNIVERSITY OF SOUTHWESTERN
LOUISIANA FOUNDATION, INC.

FINANCIAL REPORT

JUNE 30, 1966

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the auditor, or commission, and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 11 1966

NOTES TO FINANCIAL STATEMENTS

1. Temporarily restricted funds represent expendable funds with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are transferred to unrestricted funds and related expenses are shown as unrestricted.
2. Permanently restricted funds represent funds that are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity and the income only be used. Expendable income derived from the endowment funds is accounted for as revenue in the current funds.

Tax status:

The Foundation is a Louisiana nonprofit corporation established in 1988. It is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Service Code. Accordingly, no provision for income taxes has been made in the financial statements.

Property, equipment and other investments:

Purchased property and equipment is stated at cost. Property and equipment donated to the Foundation is recorded at estimated fair market value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of fifty years for the building, five years for the computer and other assets. Other investments consist of oil and gas royalty interests which are amortized based on cash payments received from the initial donated investment. Intangible assets, such as artwork and other collections, are not depreciated.

Charitable giving through life insurance:

In 1988, the Foundation instituted a "Charitable giving through life insurance program" in which whole-life insurance policies are purchased on the lives of individuals, with their permission, with proceeds upon death inuring to the Foundation.

Grant commitments:

The Foundation considers all state matching funds and unexpended income from these funds as funds held in custody. (See Note 5).

Note 3. Investments

Investments are presented in the financial statements in the aggregate at the lower of cost or market and all investments received as gifts are recorded at market value at the date of donation. Realized gains and losses on sales of investments are determined using specific identification.