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ANNUAL FINANCIAL REPORT

LOUISIANA STATE UNIVERSITY FOUNDATION
(a Non-Profit Corporation)

December 31, 1995

Under provisions of state law, this Report is a public document. A copy of the report is to be submitted to the Auditor, or receiver, and other appropriate public officials. The report is available for public inspection at the State House of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-7-96

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INDEPENDENT AUDITORS' REPORT

Board of Directors
McNeese State University Foundation
Lake Charles, Louisiana

We have audited the accompanying statement of financial position of the McNeese State University Foundation, a non-profit corporation, as of December 31, 1995, and the related statement of activities and cash flows for the year then ended. These statements are the responsibility of the management of the McNeese State University Foundation. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the McNeese State University Foundation, Lake Charles, Louisiana, as December 31, 1995, and the results of its activities and cash flows for the year then ended in conformity with generally accepted accounting principles.

Langley, Williams & Co.

June 18, 1996
Lake Charles, LA

McNeese State University Foundation
 STATEMENT OF FINANCIAL POSITION
 December 31, 1985

ASSETS

ASSETS

Cash and cash equivalents	\$ 219,489
Unconditional promises to give	421,047
Donated property	18,000
Short-term investments	3,171,658
Long-term investments	<u>6,847,800</u>
Total assets	\$ 9,678,113

LIABILITIES AND NET ASSETS

LIABILITIES

Funds held in custody	\$ <u>823,928</u>
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NET ASSETS

Unrestricted	198,458
Temporarily restricted	993,800
Permanently restricted	<u>7,663,900</u>

Total net assets	<u>8,853,987</u>
Total Liabilities and Net Assets	\$ 9,678,113

The accompanying notes are an integral part of this statement.

McNeese State University Foundation

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 1985

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions	\$ -	\$ 642,761	\$ 667,093	\$ 1,309,856
Investment earnings	8,658	799,757	-	808,415
Gain (loss) on investments	-	1,890,973	-	1,890,973
Rent	11,808	-	-	12,000
Fund raising	6,758	-	-	6,758
Net assets released from restrictions:				
Satisfaction of program expenses	<u>852,524</u>	<u>(852,524)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>879,818</u>	<u>1,180,968</u>	<u>667,093</u>	<u>2,727,879</u>
EXPENSES				
Grants paid to benefit McNeese State University for:				
Projects specified by donors	998,077	-	-	998,077
Supporting services:				
Employee distributions	62,963	-	-	62,963
Dedicated scholarships	97,111	-	-	97,111
Fellowship awards	35,680	-	-	35,680
Professorship paym't	31,171	-	-	31,171
Faculty award	7,600	-	-	7,600
Management and general	37,987	-	-	37,987
Fund raising	<u>11,344</u>	<u>-</u>	<u>-</u>	<u>11,344</u>
Total expenses	<u>1,381,853</u>	<u>-</u>	<u>-</u>	<u>1,381,853</u>
CHANGE IN NET ASSETS	<u>(502,035)</u>	<u>1,180,968</u>	<u>667,093</u>	<u>1,345,926</u>
NET ASSETS AT BEGINNING OF YEAR	<u>198,036</u>	<u>1,087,989</u>	<u>8,296,514</u>	<u>2,092,539</u>
NET ASSETS AT END OF YEAR	<u>\$ 696,001</u>	<u>\$ 907,957</u>	<u>\$ 2,663,607</u>	<u>\$ 3,267,565</u>

The accompanying notes are an integral part of this statement.

McNesse State University Foundation

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 1995

CASH FLOWS FROM OPERATING ACTIVITIES	
Contributions received	\$ 628,781
Unconditional promises to give received	92,204
Mortgage principal received	1,163
Interest and dividends received	367,816
Rent received	12,909
Fund raising contributions received	6,738
Grants paid to benefit McNesse State University	(298,077)
Cash paid for supporting services	(281,724)
Net cash used by operating activities	_____188,013
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(2,981,488)
Proceeds from sale of investments	1,899,708
Net cash used by investing activities	_____ (1,081,780)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from contributions restricted by:	
Investment in endowment	667,055
Other financing activities:	
Increase in funds held in custody (net)	212,986
Net cash provided by financing activities	_____880,041
NET DECREASE IN CASH	(201,890)
CASH AT BEGINNING OF YEAR	240,149
CASH AT END OF YEAR	\$ 38,259

The accompanying notes are an integral part of this statement.

McNesse State University Foundation

STATEMENT OF CASH FLOWS - (Continued)

For the Year Ended December 31, 1995

RECONCILIATION OF CHANGE IN NET
ASSETS TO NET CASH PROVIDED BY
OPERATING ACTIVITIES

Change in net assets	\$ 1,845,586
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
(Gain) loss on sale of investments	(1,099,975)
Contributions restricted for long-term use	(667,859)
Noncash donations included in change in net assets	(12,958)
Changes in:	
Unconditional promises to give	92,384
Mortgage receivable	1,182
Net cash used by operating activities	\$ 1,068,063

The accompanying notes are an integral part of this statement.

McNair State University Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

1. Summary of Significant Accounting Policies

The McNair State University Foundation (the Foundation) is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation was formed to engage in providing scholarships for students and professorships for educational research.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

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.
2. 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.
3. 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.

Provision To Give

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Cash and Cash Equivalents

For accounting and reporting purposes, cash and cash equivalents includes cash on hand and cash in bank with original maturities of less than three months.

McHose State University Foundation
NOTES TO FINANCIAL STATEMENTS

December 31, 1995

1. *Summary of Significant Accounting Policies - (Continued)*

Investments

For the Board of Directors, all investments are considered to be either permanently restricted or temporarily restricted regardless of the absence of any donor requests. Investments are stated at market value.

Donated Property

Donated property is reflected as contributions in the accompanying statements at their estimated values at date of receipt.

Grant Commitments

The Foundation considers all state matching funds and unexpended income from these funds as funds held in custody. (See Note 7)

2. *Cash*

The Foundation maintains a money market account at Calsonic Marine National Bank. As of December 31, 1995, \$132,843 was on deposit which was in excess of the Federal Deposit Insurance Corporation insured limit of \$100,000.

3. *Unconditional Promises to Give*

The total amount of unconditional promises to give at December 31, 1995 are expected to be collected as follows:

Less than one year	\$ 181,900
One to five years	331,194
More than five years	—27,958
	\$,421,047

Uncollectible promises to give are expected to be insignificant.

McNeese State University Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

4. Long-Term Investments

At December 31, 1995 the Foundation's long-term investments consisted of the following:

	Market Value
Regular Accounts:	
Miller, Anderson, & Sherrard	Fixed Income
Miller, Anderson, & Sherrard	Institutional Equity
Miller, Anderson, & Sherrard	Equity
Total regular accounts	4,906,350
Other stock holdings and investments:	
Property at 1908 Sangre St., Westlake	128,800
First Commerce Corp shares	59,450
PPG Industries, Inc.	18,751
Emergo	8,230
Harco	8,595
Saatchi, Inc.	1,237
M&B Income Realty	1,398
Total other stock holdings and investments	241,661
Total long-term investments	\$ 5,147,991

5. Short-Term Investments

At December 31, 1995 the Foundation's short-term investments consisted of the following:

	Market Value
U.S. Treasury Bills	\$ 2,899,594
Property at Highway 171 and Madson Street, Lake Charles, Louisiana	95,080
Cash value - life insurance	12,180
Cash value - annuities	7,132
Mortgage receivable	17,825
Total short-term investments	\$ 3,171,691

The property shown above in the amount of \$95,080 is being shown as short-term based on the fact that it is currently on the market to be sold.

McNeese State University Foundation

NOTES TO FINANCIAL STATEMENTS

December 31, 1995

6. Conditional Promises to Give

The total amount of conditional promises to give is \$552,600 as of December 31, 1995. All of the promises are conditional upon the death of the individual making the promise in their will.

7. Funds Held in Custody

The funds being held at December 31, 1995 are as follows:

State matching funds managed for McNeese State University	\$ 825,826
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8. Net Assets Released From Donor Restrictions

Net assets were released from donor restrictions by incurring the following expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended December 31, 1995:

Chairs and professorships	\$ 181,736
Scholarships	132,713
Operations and supplies	<u>638,077</u>
	\$ 952,524

9. Net Assets

Temporarily restricted net assets are available for grants to support McNeese State University in the following general areas:

- *Chairs and professorships
- *Scholarships
- *Operations and supplies

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

McNeese State University Foundation
 NOTES TO FINANCIAL STATEMENTS
 December 31, 1995

10. Off-Balance Sheet Risk

The Foundation's primary source of support is concentrated in the Lake Charles area.

11. Reclassification

Some amounts on the December 31, 1994 financial statements have been reclassified to conform with current year presentation. Specifically, net assets and funds held in custody at December 31, 1994 have been reclassified as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Funds Held in Custody	Total
As previously presented at December 31, 1994	\$ 223,578	\$ -	\$ 3,341,166	\$ -	\$ 7,578,344
Reclassification	(76,682)	(187,008)	(344,632)	389,163	-
As currently presented at December 31, 1994	\$ 146,896	\$(187,008)	\$ 4,996,534	\$ 389,163	\$ 7,578,344