

OFFICIAL
FILE COPY
DO NOT SEND OUT

Check enclosure
Labels from this
copy and PLACE
label in FILE

Southeastern Development Foundation, Inc.
Annual Financial Report

June 30, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity 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 8-25-98

Southwestern Development Foundation, Inc.

Annual Financial Report
Year Ended June 30, 1999

TABLE OF CONTENTS

	Statement	Schedule	Page
Independent Auditor's Report			3
Statement of Financial Position	A		4
Statement of Activities	B		5
Statement of Cash Flows	C		6
Notes to Financial Statements			7
Supplementary Information:			
Balance Sheet		1	13
Schedule of Revenues, Expenses and Changes in Fund Balance		2	14

Ernst & Young, CPA

William A. Ward, CPA
Michael P. Ryan, CPA
John H. Ryan, CPA
Charles P. Fisher, CPA
James D. Siskula, CPA

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

809 West Minnesota Park
Park Place Suite 7
Hammond, LA 70403
PHONE: (504) 542-6372
FAX: (504) 343-1158

8027WOODLAND DRIVE
SUITE 200 • 604 FORTUNE
BIRMINGHAM, LA 38201
PHONE: (504) 224-4410
FAX: (504) 224-1411

MEMBER
American Institute of CPAs
Florida Institute of CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southeastern Development Foundation, Inc.
Post Office Box 285, University Station
Hammond, Louisiana 70404

We have audited the accompanying statement of financial position of Southeastern Development Foundation, Inc. (a nonprofit organization) as of June 30, 1997, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the accounts 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 above present fairly, in all material respects, the financial position of Southeastern Development Foundation, Inc. as of June 30, 1997, and the results of its activities and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Foundation. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

October 10, 1997

Southeastern Development Foundation, Inc.

Statement A

Statement of Financial Position

June 30, 1997

Assets

Cash and Cash Equivalents	\$	827,424
Investments (Note 3):		
Invested Cash and Cash Equivalents		200,443
Equity Securities		300,423
U.S. Government Securities		1,814,686
Certificates of Deposit		3,494,786
Real Estate		5,915
Deeded Land		1,775,787
Unconditional Promises To Give (Note 4)		210,080
Other Receivables (Note 5)		14,188
Total Assets	\$	<u>6,138,995</u>

Liabilities and Net Assets

Liabilities:		
Accrued Expenses	\$	44
Notes Payable		100,000
Total Liabilities		<u>100,044</u>
Net Assets:		
Unrestricted		379,312
Temporarily Restricted		3,815,289
Permanently Restricted		2,944,299
Total Net Assets		<u>5,038,900</u>
Total Liabilities and Net Assets	\$	<u>6,138,995</u>

The accompanying notes are an integral part of these statements.

Southwestern Development Foundation, Inc.

Statement II

Statement of Activities
For the Year Ended June 30, 1997

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Support				
Contributions	\$ 38,438	\$ -	\$ 101,987	\$ 140,425
Scholarships, Assistantships, Awards	-	2,888,141	-	2,888,141
Departmental	-	43,988	-	43,988
Programs	-	313,325	-	313,325
Fund Raising	48,484	11,802	-	60,286
Interest and Dividends	65,436	113,902	28,979	208,317
Unrealized Gains on Investments	2,228	-	223,343	225,571
Net Assets Released From Restrictions:				
Satisfaction of Program Restrictions	1,133,962	(1,081,615)	(70,347)	-
Liquidated Gains on Investments	22,527	162,486	(184,963)	-
Total Revenues and Support	<u>1,228,684</u>	<u>1,882,798</u>	<u>111,217</u>	<u>3,091,879</u>
Expenses				
Restricted Expenditures:				
Scholarships, Assistantships, Awards	877,287	-	-	877,287
Departmental	219,565	-	-	219,565
Programs	49,889	-	-	49,889
Fund Raising	3,284	-	-	3,284
Endowment Expenditures:				
Scholarships, Assistantships, Awards	79,347	-	-	79,347
Salaries	34,584	-	-	34,584
Payroll Taxes	4,435	-	-	4,435
Professional Fees	5,080	-	-	5,080
Fund Raising	13,888	-	-	13,888
Development/Operational	38,282	-	-	38,282
Other Operating Expenses	13,166	-	-	13,166
Total Expenses	<u>1,278,217</u>	<u>-</u>	<u>-</u>	<u>1,278,217</u>
Increase (Decrease) in Net Assets Before Prior Period Adjustments	<u>68,887</u>	<u>1,851,249</u>	<u>111,217</u>	<u>1,881,881</u>
Prior Period Adjustments				
Correction of Contributions (Note 9)	442	-	-	442
Total Prior Period Adjustments	<u>442</u>	<u>-</u>	<u>-</u>	<u>442</u>
Change in Net Assets	<u>69,329</u>	<u>1,851,249</u>	<u>111,217</u>	<u>1,931,795</u>
Net Assets, Beginning of Year	283,899	1,147,526	3,884,052	4,257,365
Net Assets, End of Year	<u>\$ 275,372</u>	<u>\$ 2,807,269</u>	<u>\$ 3,995,269</u>	<u>\$ 5,047,850</u>

The accompanying notes are an integral part of these statements.

Kaulfussiers Development Foundation, Inc.

Statement C

Statement of Cash Flows
For the Year Ended June 30, 1997

Cash Flows From Operating Activities	
Change in Net Assets	\$ 1,801,833
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided (Used) by Operating Activities:	
Change in Unconditional Promises to Give	(250,800)
Change in Other Receivables	(14,790)
Change in Accrued Expenses	(120)
Change in Unrealized Gains on Investments	(221,700)
Correction of Contributions	442
Net Cash Provided (Used) by Operating Activities	<u>1,314,963</u>
Cash Flows From Investing Activities	
Reclassification of Cash to Investments	(975,704)
Purchase of Investments	(94,504)
Contributions of Land	(1,794,434)
Net Cash Provided (Used) by Investing Activities	<u>(3,764,642)</u>
Cash Flows From Financing Activities	
Proceeds From Short-Term Borrowings	<u>180,000</u>
Net Cash Provided (Used) by Financing Activities	<u>180,000</u>
Net Increase (Decrease) in Cash	189,181
Cash, Beginning of Year	<u>1,005,710</u>
Cash, End of Year	<u>\$ 1,194,891</u>

The accompanying notes are an integral part of these statements.

Southwestern Development Foundation, Inc.

Notes to Financial Statements
Year Ended June 30, 1993

NOTE 1 - DESCRIPTION OF ORGANIZATION

Southwestern Development Foundation, Inc. (the Foundation) was incorporated April 17, 1969 under the provisions of Louisiana Revised Statutes 12:301-151 as a nonprofit corporation. The Foundation is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code (the Code) as a nonprofit organization. As such, only unrelated business income as defined by section 512 (a)(2) of the Code is subject to Federal income tax. The Foundation was formed to promote and support, on all levels, the Southwestern Louisiana University (SLU) program, including the solicitation and acceptance of donations for the purpose of providing scholarships and other benefits for the university, its faculty, and its students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Basis of Presentation

Net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted Net Assets are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets are subject to donor-imposed stipulations that can be fulfilled by actions of the Foundation under the passage of time.

Permanently Restricted Net Assets are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Permanently restricted assets are primarily comprised of the original endowment gift given to the Foundation by donors. Generally, the donors of these assets permit the Foundation to use all or part of the income from these assets.

Revenues are reported as increases in unrestricted net assets unless the related assets is limited by donor-imposed restrictions. Dispositions are reported as decreases in unrestricted net assets. Gains or losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

Cash and cash equivalents represent demand deposits and other investments with purchased maturities of three months or less.

Southeastern Development Foundation, Inc.

**Notes to Financial Statements
Year Ended June 30, 1997**

Unconditional Promises to Give

The Foundation adopted Statement of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Made" (SFAS 116), effective July 1, 1995. SFAS 116 requires the Foundation to record certain promises to give as revenues when the promise is made.

Conditional Promises to Give

Pursuant with the Foundation's policy and in conformity with SFAS 116, the Foundation does not recognize conditional promises to give as revenues until the condition is met or the pledges are received.

Investments

The Foundation adopted Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" (SFAS 124), effective July 1, 1996. SFAS 124 requires the Foundation to record certain investments at estimated fair value.

Investments are carried at fair value. The fair value of equity and debt instruments are based on the quoted market price of the underlying securities. Real estate investments which were received by gift are carried at an independently appraised market value as of the date of acquisition. Gains and losses realized on the sale of investments are determined using an average cost method for securities and the specific identification method for real estate and other investments. Gains and losses are realized on the trade date for investments.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Property, Plant, and Equipment

Fixed assets utilized by the Foundation are not recorded on the financial statements of the Foundation as these assets are owned by Southeastern Louisiana University.

Unpaid Services

A significant portion of the Foundation's functions are conducted by unpaid volunteers. The value of this contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirement for recognition under SFAS No. 116.

Southeastern Development Foundation, Inc.

Notes to Financial Statements
Year Ended June 30, 1997

Income Tax Status

Under provisions of the Internal Revenue Code, Section 171 (EITC), and the applicable income tax regulations of Louisiana, the Foundation is exempt from taxes on income other than unrelated business income. Since the Foundation had no net unrelated business income during the year ended June 30, 1997, no provision for income taxes was made.

NOTE 3 - INVESTMENTS

Investments are recorded at fair value. The value assigned to investments received by gift is the market value at the date of donation. Amortized cost and fair value of investments at June 30, 1997 were as follows:

	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Invested Cash and Cash Equivalents	\$ 394,463	\$ 383,483	\$ -
Equity Securities	76,263	383,423	307,160
U.S. Government Securities	1,871,145	1,034,696	(836,449)
Certificates of Deposit	2,486,623	2,484,706	(1,917)
Real Estate	5,913	3,913	-
	<u>\$ 3,233,397</u>	<u>\$ 4,000,201</u>	<u>\$ 766,804</u>

The Foundation adopted Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations" (SFAS 124), effective July 1, 1996. SFAS 124 requires the Foundation to record certain investments at estimated fair value. The unusual unrealized gain of \$277,194 shown above is due to the initial implementation of SFAS 124.

NOTE 4 - PROMISES TO GIVE

Unconditional Promises to Give

As of June 30, 1997, donors to the Foundation have made written promises to give totaling \$250,000, scheduled to be collected as follows:

	Unconditional	Temporarily Restricted	Permanently Restricted	Total
Less Than One Year	\$ -	\$ 250,000	\$ -	\$ 250,000
	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>

Unconditional promises are not expected to be significant. Accordingly, no provision has been made for uncollectible amounts. All unconditional promises to give are due to be collected in less than one year; therefore, the discount to net present value is not significant and not provided for.

BPAS 116 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Foundation to distinguish between contributions received for each net asset category in accordance with

Southeastern Development Foundation, Inc.

**Notes to Financial Statements
Year Ended June 30, 1997**

donor-imposed restrictions. Under SFAS 136, donor-restricted contributions are reported as unrestricted operating revenue when the restriction is satisfied within the same year that the contribution is received.

NOTE 5 - RECEIVABLES

Receivables at June 30, 1997 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Due From SLU	\$ -	\$ 30,000	\$ -	\$ 30,000
Due From First NBC	-	-	4,798	4,798
	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 4,798</u>	<u>\$ 34,798</u>

NOTE 6 - NOTES PAYABLE

On February 21, 1993 the Foundation signed a promissory note for \$180,000 to partially fund an endowed scholarship. Reimbursement of the note principal is unconditionally pledged by donors to be paid on or before January 15, 1998. The note is to be repaid by the Foundation in its entirety on January 15, 1998, plus accrued interest at the rate of 7.25% per annum. At June 30, 1997, the entire principal amount of this note was classified as a current liability.

NOTE 7 - NET ASSETS

As of June 30, 1997, temporarily restricted net assets consisted of the following:

Scholarships and University Program Support	\$ 1,047,144
University Affiliated Research Program	<u>1,732,126</u>
	<u>\$ 2,779,270</u>

As of June 30, 1997, permanently restricted net assets consisted of the following:

Endowed Gifts to be Held in Perpetuity with Interest to be Used for Scholarships	\$ 2,899,766
	<u>\$ 2,899,766</u>

During the course of the fiscal year ended June 30, 1997, net assets whose use by the Foundation was subject to donor-imposed restrictions were fulfilled by action of the Foundation, pursuant to these restrictions, the expiration of time, or the designation of law. These assets are shown in the statement of activities as net assets released from restrictions, and consist of the following:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Satisfaction of Program Restrictions	\$ 1,083,813	\$ 78,343	\$ 1,162,156
Unrealized Gain on Investments	-	154,962	154,962
	<u>\$ 1,083,813</u>	<u>\$ 233,305</u>	<u>\$ 1,317,118</u>

Southwestern Development Foundation, Inc.

Notes to Financial Statements
Year Ended June 30, 1997

NOTE B - RELATED PARTY TRANSACTIONS

During the fiscal year ended June 30, 1997, the Foundation occupied offices in a building constructed by the Southeastern Louisiana University Alumni Association, Inc. Under the terms of a lease agreement for the lease housing the facilities between the Board of Trustees for State Colleges and Universities (Lafayette), and the Southeastern Louisiana University Alumni Association, Inc. (Trent), the Lafayette assumed responsibility for repair, maintenance, taxes, and insurance coverage for the facility, and the Trent agreed to sublease approximately 2,800 square feet of office space to Southeastern Louisiana University, including the space housing the Southeastern Development Foundation, Inc. Since the value of the facilities used by the Foundation was not reasonably determinable, no related donation or expense is recorded. In accordance with Louisiana Revised Statutes 17:3380, the Foundation is of the opinion that all expenditures and in-kind services, except unrestricted funds used for administration, benefit the university. These amounts greatly exceed the cost of training, personnel, and other support furnished to the Foundation by the university.

NOTE C - PRIOR PERIOD ADJUSTMENTS

During the fiscal year, adjustments of \$492 correct or adjust contributions to actual.

Supplementary Information

SOP 78-10 Format Financial Statements:

Balance Sheet

Schedule of Revenues, Expenses, and Changes in Fund Balance

Southeastern Development Foundation, Inc.

Schedule I

 Balance Sheet
 June 30, 1997

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
Assets				
Cash and Cash Equivalents	\$ 80,308	\$ 37,417	\$ -	\$ 117,725
Investments (Note 3):				
Invested Cash and Cash Equivalents	-	-	204,483	204,483
Equity Securities	1,279	-	19,988	21,267
U.S. Government Securities	-	-	1,821,143	1,821,143
Certificates of Deposit	-	362,429	2,134,184	2,496,623
Real Estate	-	-	5,903	5,903
Donated Land	-	1,272,126	3,686	1,275,782
Interfund Receivables	467,358	427,143	307,241	1,201,742
Unconditional Promises to Give (Note 4)	-	219,089	-	219,089
Other Receivables (Note 5)	-	18,089	4,988	18,088
Total Assets	\$ 555,844	\$ 2,859,133	\$ 3,245,988	\$ 6,660,965
Liabilities and Fund Balances				
Liabilities:				
Accrued Expenses	\$ 46	\$ -	\$ -	\$ 46
Notes Payable	-	100,000	-	100,000
Interfund Payables	367,441	462,166	427,143	1,256,750
Total Liabilities	367,487	562,166	427,143	1,356,796
Fund Balances:				
Unrestricted	231,282	-	-	231,282
Restricted	-	2,296,949	-	2,296,949
Endowment	-	-	3,218,835	3,218,835
Total Fund Balances	231,282	2,296,949	3,218,835	5,747,066
Total Liabilities and Fund Balances	\$ 598,769	\$ 2,859,115	\$ 3,245,988	\$ 6,660,962

The accompanying notes are an integral part of these statements.

**Schedule of Revenues, Expenses, and Changes in Fund Balances
For the Year Ended June 30, 1997**

	Unrestricted Fund	Restricted Fund	Endowment Fund	Total
Revenues				
Contributions	\$ 38,434	\$ -	\$ 111,837	\$ 150,271
Scholarships, Assistantships, Awards	-	3,018,141	-	3,018,141
Departmental	-	43,188	-	43,188
Programs	-	313,725	-	313,725
Fund Raising	48,484	13,802	-	62,286
Interest and Dividends	48,434	-	144,877	241,715
Total Revenues	<u>145,356</u>	<u>3,415,056</u>	<u>266,714</u>	<u>3,827,126</u>
Expenses				
Restricted Expenditures:				
Scholarships, Assistantships, Awards	-	817,287	-	817,287
Departmental	-	213,915	-	213,915
Programs	-	48,809	-	48,809
Fund Raising	-	3,284	-	3,284
Endowment Expenditures:				
Scholarships, Assistantships, Awards	-	-	70,347	70,347
Salaries	34,564	-	-	34,564
Payroll Taxes	4,475	-	-	4,475
Professional Fees	3,000	-	-	3,000
Fund Raising	13,858	-	-	13,858
Development/Operational	24,282	-	-	24,282
Other Operating Expenses	13,166	-	-	13,166
Total Expenses	<u>106,315</u>	<u>1,083,611</u>	<u>70,347</u>	<u>1,259,273</u>
Excess (Deficiency) of Revenues and Other Sources	<u>44,181</u>	<u>1,331,441</u>	<u>196,367</u>	<u>1,671,989</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	38,150	(38,150)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>38,150</u>	<u>(38,150)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenses and Other Uses	<u>44,181</u>	<u>1,407,791</u>	<u>158,217</u>	<u>1,610,189</u>
Fund Balances, Beginning of Year	208,420	888,683	3,162,452	4,259,555
Adjustments to Fund Balance				
Prior Period Adjustments (Note 5)	741	(134)	35	442
Restricted Fund Balance, Beginning of Year	<u>207,161</u>	<u>888,258</u>	<u>3,162,487</u>	<u>4,257,907</u>
Fund Balance, End of Year	<u>\$ 211,762</u>	<u>\$ 1,281,549</u>	<u>\$ 3,318,851</u>	<u>\$ 4,812,162</u>

The accompanying notes are an integral part of these statements.