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SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1995

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 SEP 30 1990



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Postlethwaite & Netterville

A Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Southern University System Foundation
(A Not-for-Profit Organization)
Baton Rouge, Louisiana

We have audited the accompanying balance sheet of Southern University System Foundation as of December 31, 1995, and the related statements of revenue, expenses and changes in fund balance and cash flows for the years 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. Those standards require that we plan and perform the audit 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 audit provides a reasonable basis for our opinion.

In our report dated November 15, 1996, our opinion on the 1995 financial statements was qualified because of the effects of the omission of donated property. As explained in Note 8, the Company has restated its 1995 financial statements to include donated property as required by generally accepted accounting principles. Accordingly, our present opinion on the 1995 financial statements, as presented herein, differs from that previously expressed.

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedules of Program Expenses and General Expenses on pages 10 and 11 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements referred to above, and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Postlethwaite & Netterville

Baton Rouge, Louisiana
November 15, 1996, except as to the third
paragraph above and Note 8, which are
as of January 27, 1997

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

BALANCE SHEET
DECEMBER 31, 1995

A S S E T S

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>	
				<u>1995</u>	<u>1994</u>
					(Memorandum Only)
<u>ASSETS</u>					
Cash	\$ 15,759	\$ 596,233	\$ -	\$ 611,992	\$ 661,616
Certificates of deposit	-	33,016	-	33,016	27,225
Investments (at cost)	160,799	192,416	476,766	829,981	545,636
Notes receivable	-	61,225	-	61,225	-
Pledges receivable (net of allowance of \$74,468 and \$163,871, respectively)	118,773	43,754	500,000	662,527	150,182
Prepaid assets	12,000	-	-	12,000	-
Due from affiliate	1,150	2,605	-	3,755	3,755
Property, plant and equipment (net)	-	96,826	-	96,826	-
Land	-	21,500	-	21,500	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 308,481</u>	<u>\$1,047,575</u>	<u>\$ 976,766</u>	<u>\$2,332,822</u>	<u>\$1,388,414</u>

LIABILITIES AND FUND BALANCE

<u>LIABILITIES</u>					
Due to other funds	\$ 82,166	(\$ 82,166)	\$ -	\$ -	\$ -
Accounts payable	5,158	26,957	-	32,115	\$ 13,151
Accrued expenses and other liabilities	2,588	-	-	2,588	3,106
Deferred revenue	-	925,559	-	925,559	830,894
	<u>89,912</u>	<u>870,350</u>	<u>-</u>	<u>960,262</u>	<u>847,151</u>
<u>FUND BALANCE</u>	<u>218,569</u>	<u>177,225</u>	<u>976,766</u>	<u>1,372,560</u>	<u>541,263</u>
Total liabilities and fund balance	<u>\$ 308,481</u>	<u>\$1,047,575</u>	<u>\$ 976,766</u>	<u>\$2,332,822</u>	<u>\$1,388,414</u>

The accompanying notes are an integral part of this statement.



SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 1995

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>	
				<u>1995</u>	<u>1994</u>
				(Memorandum Only)	
<u>REVENUE</u>					
Contributions	\$ 335,087	\$ 424,195	\$ 750,000	\$1,509,282	\$1,126,404
Interest income	<u>971</u>	<u>62,639</u>	<u>-</u>	<u>63,610</u>	<u>49,038</u>
Total revenue	<u>336,058</u>	<u>486,834</u>	<u>750,000</u>	<u>1,572,892</u>	<u>1,175,442</u>
 <u>EXPENSES</u>					
Program expenses - Schedule I	228,511	176,323	-	404,834	537,135
General expenses - Schedule II	<u>203,475</u>	<u>133,286</u>	<u>-</u>	<u>336,761</u>	<u>504,338</u>
Total expenses	<u>431,986</u>	<u>309,609</u>	<u>-</u>	<u>741,595</u>	<u>1,041,473</u>
Excess (deficit) of revenue over expenses	(95,928)	177,225	750,000	831,297	133,969
Fund balance, beginning of year	<u>314,497</u>	<u>-</u>	<u>226,766</u>	<u>541,263</u>	<u>407,294</u>
Fund balance, end of period	<u>\$ 218,569</u>	<u>\$ 177,225</u>	<u>\$ 976,766</u>	<u>\$1,372,560</u>	<u>\$ 541,263</u>

The accompanying notes are an integral part of this statement.



SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

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STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1995

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>	
				<u>1995</u>	<u>1994</u>
				(Memorandum Only)	
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Cash received on pledges and contributions	\$ 348,263	\$ 316,108	\$ 250,000	\$ 914,371	\$ 1,060,666
Interest income	971	62,639	-	63,610	49,038
Cash paid for supporting services	(367,710)	(292,712)	-	(660,422)	(853,161)
Net cash provided by (used in) operating activities	(18,476)	86,035	250,000	317,559	256,543
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Purchase of equipment	-	(2,585)	-	(2,585)	-
Proceeds from sale of fixed assets	-	-	-	-	595
(Increase) in certificates of deposit	-	(5,791)	-	(5,791)	(27,225)
(Purchase) sale of investments	15,191	(123,998)	(250,000)	(358,807)	(121,411)
Net cash provided by (used in) investing activities	15,191	(132,374)	(250,000)	(367,183)	(148,041)
<u>NET INCREASE (DECREASE) IN CASH</u>					
	(3,285)	(46,339)	-	(49,624)	108,502
<u>CASH AT BEGINNING OF YEAR</u>					
	19,044	642,572	-	661,616	553,114
<u>CASH AT END OF YEAR</u>					
	\$ 15,759	\$ 596,233	\$ -	\$ 611,992	\$ 661,616

The accompanying notes are an integral part of this statement.



SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1995

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Endowment</u>	<u>Total</u>	
				1995	1994
				(Memorandum Only)	
<u>RECONCILIATION OF REVENUES</u>					
<u>IN EXCESS OF EXPENSES TO</u>					
<u>NET CASH USED BY OPERATING</u>					
<u>ACTIVITIES</u>					
Revenues in excess of expenses	(\$ 95,928)	\$ 177,225	\$ 750,000	\$ 831,297	\$ 133,969
Adjustments to reconcile revenues in excess of expenses to net cash provided by operating activities:					
Depreciation	-	259	-	259	-
Pledges receivable write-off	72,923	1,545	-	74,468	163,871
Donated land and note receivable	-	(177,225)	-	(177,225)	-
(Increase) decrease in pledge receivable	13,182	(25,527)	(500,000)	(512,345)	(271,683)
(Increase) decrease in receivable from affiliate	-	-	-	-	13,296
(Increase) in prepaid assets	(12,000)	-	-	(12,000)	-
Increase in accounts payable	3,871	15,093	-	18,964	16,478
Increase in accrued expenses and deferred revenue	(524)	94,665	-	94,141	200,612
Net cash provided by (used in) operating activities	<u>(\$ 18,476)</u>	<u>\$ 86,035</u>	<u>\$ 250,000</u>	<u>\$ 317,559</u>	<u>\$ 256,543</u>

The accompanying notes are an integral part of this statement.



SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Purpose

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

Tax Exemption Status

The Foundation is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code.

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.

Investments

Investments consist primarily of mutual funds and equity securities. The mutual fund is stated at cost and equity securities are stated at lower of cost or market. The carrying value of investments approximates the market value at December 31, 1995.

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 fund balances of the Foundation are reported in three self-balancing fund groups as follows:

- a. Unrestricted funds represent the portion of funds available for use in Foundation supporting services.
- b. Restricted funds represent expendable funds with donor stipulations that limit the use of the donated assets.
- c. Endowment funds represent gifts to be used for specified educational purposes. The principal is to be maintained in perpetuity with interest income being restricted for a specified purpose.

The assets of the restricted and endowment funds cannot be used to support the operating expenses of the Foundation.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Donated Services

A 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 no objective basis is available to measure its value.

Pledges

The Foundation recognizes revenue and records an asset from pledges, less an allowance for uncollectible amounts, in the period the pledge is made. Pledges are received from alumni and corporations located primarily in South Louisiana.

Revenue Recognition

Revenues and expenses are recorded on the accrual basis. Revenue in the restricted fund is recognized when the Foundation has incurred expenditures in compliance with the specific restrictions. Such amounts received but not yet earned are reported as restricted deferred amounts.

Statement of Cash Flows

All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents for purposes of the statement of cash flows.

Estimates

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 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.

Fair Values of Financial Instruments

The Foundation's financial instruments include cash and cash equivalents, pledges receivable and investments. The Foundation estimates that the fair value of all financial instruments at December 31, 1995, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

The estimated fair value amounts of all financial instruments have been determined using available market information and appropriate valuation methodologies. The carrying amounts of cash and cash equivalents and pledges receivable approximate fair values because of the short maturities of those instruments.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Advertising

The Foundation's policy is to expense advertising as incurred. There is no "direct response advertising". Advertising expense was \$16,798 for the year ended December 31, 1995.

Accounting Pronouncements Issued But Not Yet Adopted

The Financial Accounting Standards Board issued Financial Accounting Standards No. 116 (SFAS 116), "Accounting for Contributions Received and Contributions Made", which establishes standards for recognizing expirations of restrictions on contributions received and for accounting for collections of works of art, historical treasures, and similar assets acquired by contribution. The effective date of this pronouncement is for fiscal years beginning after December 15, 1995, with earlier application encouraged. The adoption of SFAS 116 is not expected to have a significant impact on the Foundation's financial statements.

The Financial Accounting Standards Board also issued Financial Accounting Standards No. 117 (SFAS 117), "Financial Statements of Not-For-Profit Organizations". The objective of this pronouncement is to enhance the relevance, understandability, and comparability of financial statements issued by not-for-profit organizations. This SFAS will require items to be classified based on the existence or absence of donor-imposed restrictions. The effective date for SFAS 117 is for fiscal years beginning after December 15, 1995, with earlier application encouraged.

2. Due From Affiliate

The Foundation has certain funds maintained by an affiliate. The amount at December 31, 1995 was \$3,755.

3. Property, Plant and Equipment

Property, plant and equipment for the years ended December 31, is summarized as follows:

	<u>1995</u>	<u>1994</u>
Buildings	\$ 94,500	\$ -
Office equipment	<u>2,585</u>	<u>-</u>
	97,085	-
Less: accumulated depreciation	<u>(259)</u>	<u>-</u>
	<u>\$ 95,826</u>	<u>\$ -</u>



SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. Deferred Revenue

The following table represents changes in deferred restricted amounts:

	<u>1995</u>
Beginning balance	\$ 830,894
Contributions	341,635
Interest income	62,639
Funds expended	<u>(309,609)</u>
Balance at December 31, 1995	<u>\$ 925,559</u>

5. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeded federally insured limits totaling \$244,000 at December 31, 1995.

Pledges receivable include pledges totaling \$500,000 from two companies. The companies are paying according to the terms of their pledges.

6. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of revenue and expenses and changes in fund balance. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

7. Capital Campaign Fund

During 1995, the Foundation engaged a consulting firm to assist in the raising of \$25 million over a two-year period. The funds would be used to enhance academic facilities and provide for additional professorships and scholarships. The campaign was in the planning stage as of December 31, 1995; however, in January, 1996, the Foundation borrowed \$100,000 to cover costs of the campaign.

8. Donated Property and Note Receivable

During fiscal 1995, the Foundation received several pieces of property and a note receivable from a donor totalling \$177,225, with certain donor imposed restrictions. These assets are recorded at their appraised market values and the note receivable is recorded at the principal amount outstanding. The donation revenue was recorded as a restricted contribution in the accompanying financial statements.

SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

SCHEDULE I

SCHEDULE OF PROGRAM EXPENSES
YEAR ENDED DECEMBER 31, 1995

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	
			<u>1995</u>	<u>1994</u>
				(Memorandum Only)
Scholarships and awards	\$ 111,965	\$ 39,611	\$ 151,576	\$ 304,703
Faculty and staff development	26,631	23,778	50,409	56,008
Special events	3,067	26,478	29,545	21,076
Special projects	6,716	37,542	44,258	5,437
Professional fees and contracts	77,057	27,412	104,469	90,642
Receptions and banquets	999	9,625	10,624	18,877
Travel	1,861	9,915	11,776	36,395
Professional dues	215	1,962	2,177	3,997
	<u>\$ 228,511</u>	<u>\$ 176,323</u>	<u>\$ 404,834</u>	<u>\$ 537,135</u>



SOUTHERN UNIVERSITY SYSTEM FOUNDATION
(A NOT-FOR-PROFIT ORGANIZATION)
BATON ROUGE, LOUISIANA

SCHEDULE II

SCHEDULE OF GENERAL EXPENSES
YEAR ENDED DECEMBER 31, 1995

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	
			<u>1995</u>	<u>1994</u>
				(Memorandum Only)
Salaries and wages	\$ 31,416	\$ -	\$ 31,416	\$ 22,465
Payroll taxes	2,903	-	2,903	5,474
Printing	5,807	43,970	49,777	38,126
AA Cultivation/Recognition	20,893	19,228	40,121	46,152
Materials and supplies	4,964	21,849	26,813	121,406
Publications	5,504	10,220	15,724	16,882
Subscriptions and references	2,401	807	3,208	3,329
Postage and mailing	7,643	1,194	8,837	10,247
Investments	-	-	-	544
Advertising	225	16,573	16,798	8,190
Depreciation	-	259	259	-
Rentals	892	1,387	2,279	12,384
Maintenance	5,016	2,658	7,674	8,086
Membership dues	2,490	876	3,366	5,137
Photography	71	1,090	1,161	2,774
President emerging	-	-	-	1,567
Contributions	3,000	5,524	8,524	20,316
Pledge write-off expense	72,923	1,545	74,468	163,871
Miscellaneous	8,868	3,188	12,056	13,563
Bank Fees	291	2,918	3,209	3,825
Financial services	<u>28,168</u>	<u>-</u>	<u>28,168</u>	<u>-</u>
	<u>\$ 203,475</u>	<u>\$ 133,286</u>	<u>\$ 336,761</u>	<u>\$ 504,338</u>

